House of Commons

Business and Trade Committee

The UK-US economic relationship: 250 years on

Sixth Report of Session 2026–27

HC 127

Business and Trade Committee

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Summary

Two hundred and fifty years on from the founding of the American republic, the US-UK relationship is of fundamental importance to the UK's economic security and long-term prosperity. The United States is the United Kingdom's largest single trading partner accounting for around 18% of total UK trade and £332 billion in bilateral trade in 2025. The two countries also have approximately £1.2 trillion invested in each other's economies.

US tariffs however have now reached their highest levels since the 1940s. Tariffs are now a structural feature of the trading environment and are likely to persist. Tariffs appear to be hurting US-UK trade. While overall trade is marginally up by 2.5% in 2025, the UK's goods exports are down, especially in tariff exposed sectors.

The UK's effective tariff rate stands at 8% as of May 2026 which, while among the lowest in the G7, remains a significant increase from the near-zero rates enjoyed before April 2025. Although some tariffs have been struck down by the Supreme Court, the US has retained tariffs on most imports through other legal authorities.

The volatility and increasing complexity of US tariffs has added substantial burdens on UK exporters. Businesses report diminishing advantages over other countries, increasing burdens of proof, and confusion over rules of origin requirements.

Worse, business uncertainty is created not only by US policy volatility, but by the difficulty ascertaining what rules apply at any given moment. We have heard that information for business is often unclear and hard to brigade because information is scattered across various US administration press releases and technical documents. We recommend therefore that the UK Government should publish one consolidated business-facing guidance source for the EPD, Technology Prosperity Deal and Pharmaceutical Arrangement, setting out the exact steps businesses must take to comply with the rules.

One year on from its signature, the Economic Prosperity Deal delivered sector-specific tariff relief in six areas: aerospace, automotive, beef, whisky, lumber, and pharmaceuticals. Implementation of the EPD, however, has stalled in three critical areas: non-tariff barriers, digital trade and economic security. Furthermore, the cornerstone commitment to agree a quota for steel and aluminium exports remains completely undelivered. This deadlock

is endangering a fragile foundational industry. The UK's relative position has eroded, weighing heavily on investor confidence. We recommend therefore that the Government must continue to negotiate with the US to: reduce the baseline tariff further; secure quota for steel exports; accelerate work on economic security, digital trade and mutual recognition agreements; and convert opaque commitments into operational arrangements with published progress.

The Government's responsible business conduct review is increasing in importance given the review of new US tariffs connected with forced labour. We reiterate our recommendation for mandatory human rights due diligence legislation and an import ban on goods produced with forced labour.

In September 2025, the Government announced the Technology Prosperity Deal to increase co-operation in AI, quantum and nuclear power. It was abandoned after just three months. The US cited concerns around the pace of UK negotiations. Particular factors were believed to include the UK's position on non-tariff barriers, its Digital Services Tax, and online safety regulation.

Major US investors told the Committee however that their investments were not driven by the TPD but rested on market fundamentals independent of the Agreement. One witness told us directly: "it is correlation, not causation". OpenAI's suspension of the Stargate UK project in April 2026, citing high energy costs and regulatory uncertainty, demonstrates that diplomatic frameworks cannot substitute for the urgent necessity to improve basic factor conditions and improve the UK's competitive environment. We conclude that the Government should focus on fixing the fundamentals - competitive energy costs, faster grid connections, expeditious planning processes, and simplifying the complicated business of actually building new infrastructure - rather than pursuing further government-to-government technology deals at all cost.

In December 2025, the UK signed a Pharmaceutical Arrangement with the United States to avoid a potential 100% tariff on UK pharmaceutical exports. The Arrangement delivers reduced tariffs on UK pharmaceutical exports, but the UK also committed to increasing NHS spending on new medicines, and the price the UK pays for new medicines. Government analysis estimates this will cost £1 billion over three years. But others put the bill at tens of billions over the decade ahead. Crucially, there is no requirement on companies to accelerate UK launches, expand R&D within the UK, or deliver improved patient access as a condition of receiving higher prices. Health economists have raised substantial concerns that the Arrangement shifts away from evidence-based health prioritisation toward industrial policy objectives, with "substantial and highly predictable"

costs against “weak” evidence that higher prices drive investment. The Government must publish a roadmap for the Pharmaceutical Arrangement and evaluate outcomes against real-time metrics. Further spending on medicines should be dependent upon evidence of increased access, improved health outcomes and greater R&D investment in the UK.

Finally, the Committee is concerned that agreements with the United States are being implemented outside tried and tested methods of parliamentary scrutiny. Non-binding agreements have been implemented using short-circuited secondary legislation procedures. Both the beef and ethanol quotas breached convention when the associated Statutory Instruments were laid in three days rather than the customary 21 days. To implement the Pharmaceutical Arrangement, the Government used secondary legislation to give Ministers power to direct NICE to change cost-effectiveness thresholds, without adequate transparency or impact assessment.

As such, the Government is implementing agreements with far-reaching implications for domestic policy and public services with limited transparency or accountability. Nor has a date yet been set for the EPD’s formal presentation to the House as promised by the Secretary of State. The Committee recommends the Government should honour its commitments to the House and ensure recent UK-US agreements are presented properly to the House for scrutiny, or explain in further detail how parliamentary scrutiny of non-binding trade agreements will be ensured.

1 Introduction

1. Two hundred and fifty years on from the founding of the American republic, the US-UK relationship is of fundamental importance to the UK's economic security and long-term prosperity. The United States is the United Kingdom's largest single trading partner, accounting for around 18% of total UK trade and £332 billion in bilateral trade in 2025. The two countries also have approximately £1.2 trillion invested in each other's economies.[1]

2. In the first half of 2025, however, the United States implemented a sweeping "America First" trade policy, including a range of new tariffs on goods entering the US.[2] On 8 May 2025, the UK became the first country to reach an understanding to reduce these tariffs with the United States, concluding the General Terms of the Economic Prosperity Deal (EPD). This secured a range of sector-specific tariff reductions, alongside a framework for future cooperation on non-tariff barriers, digital trade, and economic security.[3]

3. Subsequent months brought further diplomatic activity. In September 2025, President Trump made a State Visit to the United Kingdom.[4] The visit produced the Technology Prosperity Deal (TPD), a framework for cooperation on artificial intelligence, quantum computing, and civil nuclear energy, as well as £150 billion in corporate investment commitments.[5][6] In December 2025, it was reported that the two Governments had agreed an

1 Department for Business and Trade, United States Trade and Investment Factsheet, 23 June 2026

2 The White House, America First Trade Policy memorandum, 20 January 2025

3 Department for Business and Trade, General terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal, 8 May 2025

4 State Visit by The President and First Lady of the United States, 17 September 2025

5 Prime Minister's Office, 10 Downing Street, Memorandum of Understanding between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland regarding the Technology Prosperity Deal, 18 September 2025

6 Department for Business and Trade, Record-breaking £150bn investment unveiled during US State Visit, , gov.uk, 17 September 2025

Arrangement on Pharmaceutical Pricing, which was then published in April 2026.[7] In April 2026, King Charles III and Queen Camilla made a State Visit to the United States hosted by President Trump at the White House.[8]

4. In between these diplomatic set pieces, trade conditions have remained unsettled due to four successive waves of US tariff measures over an 18 month period. Figure 1 shows a timeline of these US tariff actions, their subsequent adjustments, and US agreements with the UK since 2025.[9] UK exporters now trade with the UK's most significant single trading partner on terms worse than those which applied before President Trump took office.[10] Looking forward, the UK and other international partners will likely remain subject to tariffs based on their approaches to forced labour.[11] In addition, in December 2025, the United States suspended implementation of the Technology Prosperity Deal, citing dissatisfaction with the pace of wider trade negotiations. This included the UK's position on non-tariff barriers, its digital services tax, and online safety regulation.[12]

Figure 1: Timeline of selected US tariff actions impacting the UK and global trade, with UK responses. Source: Data from Peterson Institute for International Economics, "Trump's Trade War Timeline 2.0" (June 2026); selected entries shown

7 Department for Science, Innovation & Technology, Arrangement between the United States of America and the United Kingdom on pharmaceutical pricing, 2 April 2026

8 Office of the First Lady, President Donald J. Trump and First Lady Melania Trump to Welcome His Majesty King Charles the III of the United Kingdom of Great Britain and Northern Ireland and Her Majesty Queen Camilla for a State Visit, 25 April 2026

9 Peterson Institute of International Economics, Trump's trade war timeline 2.0: An up-to-date guide, (accessed 18 June 2025)

10 Please see Chapter Two for further details.

11 Other major economies will also be subject to Section 301 tariffs based on their "structural excess capacity." Please see Chapter Two for further details.

12 U.S.-U.K. Trade Deal Hits Stumbling Block, New York Times, 13 December 2025

Trump's trade war timeline (2025)

Tariffs on steel and aluminum go into effect
US tariffs of 25 percent on imports of steel, aluminum, and derivative products announced on February 10 go into effect
Mar 12, 2025

Tariffs on automobiles but not parts go into effect
The 25 percent tariffs on automobiles announced on March 26 and imposed under Section 232 of the Trade Expansion Act of 1962 go into effect.
Apr 3, 2025

Differential tariffs on nearly all countries go into effect
The US imposes an additional country-specific tariff, ranging from 1 percent to 74 percent, on imports from nearly all countries that have a goods trade surplus with the United States, as announced April 2 and amended on April 8.
Apr 9, 2025

Differential tariffs to be paused for 90 days; additional tariff increase for China
After the tariffs have been in effect, President Trump posts on Truth Social that differential tariffs on trade surplus countries announced April 2 will be paused for 90 days. However, the 10 percent tariffs on nearly all countries will remain in effect. Because it retaliated, China will now also face a higher tariff of 125 percent
Apr 9, 2025

Expected US-UK Economic Prosperity Deal
The White House announces and provides a fact sheet for a future US-UK Economic Prosperity Deal (EPD), which includes the potential for the UK to lower tariffs on US beef, and a US quota of 100,000 vehicles for the UK to export to the US at a tariff rate of 10 percent (and not the 25 percent additional tariff resulting from the Section 232 investigation).
May 8, 2025

Higher steel and aluminum tariffs go into effect
US tariff increase to 50 percent on imports of steel, aluminum, and derivative products announced on June 3 goes into effect. Exports from the United Kingdom are an exception, with a tariff rate that remains at 25 percent.
Jun 4, 2025

More details on US-UK Economic Prosperity Deal
The White House issues an Executive Order and the UK government later issues a policy paper outlining the general terms of the US-UK Economic Prosperity Deal (EPD) announced May 8, 2025.
Jun 16, 2025

Trump delays 90-day deadline, sets new tariff rates for certain countries
With respect to the tariffs announced on April 2, 2025, and 90-day extension for their application on April 9, the White House issued an executive order and fact sheet updating the tariff application deadline to August 1 (from July 9)
Jul 7, 2025

Tariffs adjusted on nearly all countries
With respect to the "reciprocal" tariffs imposed under the International Emergency Economic Powers Act (IEEPA) announced on April 2, 2025, the 90-day extension for their application on April 9, and the further extension on July 7, the White House issues an executive order and fact sheet further adjusting the rates for countries with which it has and has not concluded a bilateral agreement over the prior month.
Jul 31, 2025

Duty free treatment for de minimis ends for all countries
The White House issues an executive order and fact sheet suspending the de minimis exemption granting zero tariffs to low value shipments from all countries. See also: Federal Register notice and Custom and Border Protection's notice of implementation.
Jul 30, 2025

US-UK Technology Prosperity Deal
The UK and United States publish a Memorandum of Understanding called the Technology Prosperity Deal, committing the two governments to deepen cooperation in a range of science and technology areas.
Key tech areas for collaboration include: Artificial Intelligence
Civil nuclear (including advanced reactors, nuclear fuel, fusion)
Quantum technologies
Foundations of frontier innovation: research security, telecommunications (notably 6G), critical national infrastructure.
Sep 18, 2025

Steel and aluminum tariffs expanded to aerosol cans and more
The Commerce Department announces it will extend steel and aluminum tariffs to 407 more "derivative" products.
Aug 15, 2025

US and UK pharmaceuticals deal
USTR and various UK government agencies provide additional details about the pharmaceutical agreement that was part of the original UK-US Economic Prosperity Deal, including a zero percent tariff on US imports from the UK of medicines as well as the UK's National Health Service paying higher prices for "innovative pharmaceuticals."
Dec 1, 2025

Tariffs on big trucks, buses, and parts
The White House issues a proclamation and fact sheet invoking Section 232 of the Trade Expansion Act of 1962 to impose tariffs on imports of medium- and heavy-duty vehicles such as trucks, medium- and heavy-duty vehicle parts, and buses on November 1, 2025. There are special rules for products imported from Canada or Mexico under the USMCA.
Oct 17, 2025

Category Autos · Trade deficits · Aluminum · Steel · Deal · Pharmaceuticals

Trump's trade war timeline (2026)

The Supreme Court rules against Trump's IEEPA tariffs

The Supreme Court releases an opinion that states Trump's use of the International Emergency Economic Powers Act (IEEPA) on imports from Canada, Mexico, and China (to address fentanyl and border security) and from the world (to address trade deficits) "does not authorize the President to impose tariffs."

Feb 20, 2026

White House announces new 10 percent tariff under Section 122

The White House issues a proclamation and a fact sheet indicating it is imposing a 10 percent temporary surcharge on imports as of February 24, 2026, for 150 days under Section 122 of the Trade Act of 1974.

Feb 20, 2026

USTR launches investigations into forced labour practices

The US Trade Representative announces Section 301 investigations into 60 economies over alleged failures to prohibit and effectively enforce bans on imports of goods produced with forced labour that may burden or restrict US commerce. "

Mar 12, 2026

Adjustments to tariffs on steel, aluminum, and copper

The White House issues a proclamation and fact sheet establishing new rules for Section 232 metals tariffs. Articles made entirely or almost entirely of aluminum, steel, or copper will pay a flat 50 percent on their full value, while derivative articles will pay 25 percent.

Apr 2, 2026

Tariffs on pharmaceuticals, more information on deal with UK

The White House issues a proclamation and fact sheet imposing Section 232 tariffs on patented pharmaceuticals and their ingredients, including a 100 percent tariff, with implementation in 120 days for large companies and 180 days for smaller companies. Products from the European Union, Japan, Korea, Switzerland, and Liechtenstein face 15 percent tariffs, while lower rates apply to the United Kingdom under a recent agreement.

Apr 2, 2026

US lowers tariff on UK whisky

The US Trade Representative issues a statement announcing preferential tariff access for whisky produced in the United Kingdom as part of the ongoing implementation of the US-UK Economic Prosperity Deal.

Apr 30, 2026

Further Adjustments to tariffs on steel, aluminum, and copper

The White House issues a proclamation and fact sheet further adjusting Section 232 tariffs on steel, aluminum, and copper imports, including adjusting tariff arrangements for certain countries with earlier deals with the United States.

Jun 1, 2026

USTR releases results of forced labour investigations

The US Trade Representative announces that 60 economies have failed to implement and enforce prohibitions on imports of goods produced with forced labour and proposes tariffs of 10 percent to 12.5 percent under Section 301 of the Trade Act of 1974.

Jun 2, 2026

Category Trade deficits · Aluminum · Steel · Forced Labour · Deal · Pharmaceuticals

Our Inquiry

5. Given the volatility of American policy, the Committee scrutinises progress of the UK-US economic relationship on an ongoing basis. We published our first Report in September 2025, and this second Report provides an update on: implementation of the Economic Prosperity Deal; developments following the Technology Prosperity Deal; and the Arrangement on Pharmaceutical Pricing.[13] As part of this inquiry, the Committee held an oral evidence session on 10 February 2026, hearing from senior representatives across key export sectors.[14] The Committee also received written submissions from a range of stakeholders, including business groups and academic experts. In addition, we sought input from business and senior stakeholders during visits to Europe from 26–29 January 2026, and Canada from 1–4 June 2026. We are grateful to all those who took the time to share information with us.

13 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC1306

14 Witnesses included Duncan Edwards OBE (British American Business), Russell Codling (Tata Steel UK), Dr Richard Torbett (ABPI), Dr Scott Steedman CBE (BSI), Andrew Dowler (Blackstone), Paul Weston (Prologis UK Limited), Audrey Yvernault (GSK), Loren Jones (Amentum), Hugh Milward (Microsoft), Ben Richardson (CoreWeave), and Jonathan Legh-Smith (UKQuantum).

2 State of US Tariffs

6. US average import tariffs have now reached the highest levels since the 1940s.[15] Both the level of tariffs and the complexity of the legislation which underpins them have created significant challenges for businesses worldwide.

7. US tariffs have broadly been imposed in four waves, under four distinct legal authorities. The parameters of these are set out in Table 1.[16]

- In March 2025, the US imposed high tariffs on imports in the steel, aluminium and automotive sectors under Section 232 of the Trade Expansion Act 1962. Tariffs have continued to be applied on other sectors using this authority.
- On 9 April 2025, the US applied at least a 10% tariff to all goods imports, varying according to the size of the trade deficit with each country. The US administration declared a national emergency under the International Emergency Economic Powers Act 1977 (IEEPA).
- On 20 February 2026, the US Supreme Court ruled that IEEPA does not authorise the imposition of tariffs, invalidating those measures.[17] The US Administration moved quickly to re-establish tariffs through a temporary 10% surcharge on all countries under Section 122 of the Trade Act 1974, expiring 24 July 2026.
- Following the Supreme Court decision, the US in March 2026 also launched new investigations under Section 301 of the Trade Act 1974, which are expected to be the primary legal tariff authority post-July 2026.[18]

8. The two new Section 301 investigations launched in March 2026 targeted the following issues:

- one examined whether 60 economies, including the UK, had failed to enforce a prohibition on imports produced with forced labour; and

15 British Chambers of Commerce (UST0036)

16 Congressional Research Service, Adapted from "Congressional and Presidential Authority to Impose Import Tariffs", p.26, R48435, 19 March 2026

17 Supreme Court of the United States, LEARNING RESOURCES, INC., ET AL. v. TRUMP, PRESIDENT OF THE UNITED STATES, ET AL., 20 February 2026

18 Office of the United States Trade Representative (USTR), Ambassador Greer Issues Statement on Supreme Court IEEPA Decision, 20 February 2026

- one examined structural excess capacity in manufacturing sectors across 16 economies (including China, the EU, Japan, India, Mexico and Vietnam, but not the UK).[19]

The US Trade Representative (USTR) stated its intention to conduct these investigations on an "expedited basis", to be in a position to impose tariffs before the tariffs under Section 122 expire.[20] Alongside these new investigations, USTR recommitted to "maintain tariffs currently imposed under Section 232 of the Trade Expansion Act of 1962, and conclude ongoing investigations".[21]

9. On 2 June 2026, USTR determined that all 60 investigated economies, including the United Kingdom, had failed to prohibit or effectively enforce a ban on the importation of goods produced with forced labour. The USTR proposed a tariff of 10% for 14 of these economies, including the UK, and 12.5% for the other 46.[22] The UK received slightly a lower tariff rate as USTR acknowledged UK efforts to exclude forced labour imports under the Modern Slavery Act 2015, the Procurement Act 2023, and Great British Energy Act of 2025, and commitments to high standards regarding forced labour under the EPD.[23] These tariffs are expected to come into force in late July 2026, subject to the outcome of public hearings on 7 July 2026. Analysis from Global Trade Alert suggests that when the temporary Section 122 surcharge lapses on 24 July and the forced-labour tariffs under Section 301 step into its place, the US average tariff will remain close to where it is today.[24]

19 USTR, USTR Initiates Section 301 Investigations Relating to Structural Excess Capacity and Production in Manufacturing Sectors, 11 March 2026; USTR Initiates 60 Section 301 Investigations Relating to Failures to Take Action on Forced Labor, 12 March 2026

20 USTR, USTR Initiates Section 301 Investigations Relating to Structural Excess Capacity and Production in Manufacturing Sectors, 11 March 2026;

21 USTR, Ambassador Greer Issues Statement on Supreme Court IEEPA Decision, 20 February 2026

22 This tariff applies to all goods of each economy in scope except those on a shared annex. For example, goods already subject to Section 232 duties are excluded, civil aircraft is excluded and USMCA-compliant goods of Canada and Mexico are excluded. New Section 301s would hold the US average tariff near today's level, Global Trade Alert, 3 June 2026

23 "Although the United Kingdom's patchwork of laws does not impose a forced labor import prohibition, these measures appear to have the effect of partially excluding forced labor imports." USTR, Report in Section 301 Investigations of the Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor, 2 June 2026:

24 Global Trade Alert, New Section 301s would hold the US average tariff near today's level,3 June 2026

Table 1: US Tariffs, by legal authority

	Section 232, Trade Expansion Act 1962	IEEPA	Section 122, Trace Act 1974	Section 301, Trade Act 1974
Justification	National Security	National emergency	International payments problems	Unfair foreign trade practices
Agency required	Department of Commerce	None	None	USTR
Maximum Duration	None	None	150 Days	4 years; extendable
Maximum Rate	None	None	15%	None
Status	Sectoral tariffs in place; further investigations ongoing	Struck down by Supreme Court	Expires 24 July 2026; subject to legal challenge	Investigations ongoing

Impact on UK exporters

10. The net result of these tariff waves is that as of May 2026, the effective tariff rate on UK goods exports to the US is 8%. This is one of the lowest in the G7, beaten only by Canada (7%) and below both the EU (10%) and Japan (12%), as well as the global average of 12%.[25] Nevertheless, this tariff is a substantial increase on the near-zero effective tariff rate that applied to UK goods before April 2025, and several sectors face rates well above this level. Table 2 sets out current rates by sector.

Table 2: US tariffs faced by UK exporters

Broad Tariffs under Section 122, Trade Act 1974[26]			
Parameter	**Global Rate**	**UK Rate**	**Notes**
All goods	10%	10%	Expires 24 July 2026. Goods subject to Section 232 tariffs are exempt.

25 Effective tariff rates measure the average duty paid on imports as a share of total import value, weighted by trade volumes. They differ from statutory headline rates, which apply to individual product categories. Tariff Rate Tracker: An Open-Source Tool for Daily Effective Tariff Rates, Panel B, The Budget Lab, Yale University, as of May 2026

26 Executive Office of the President, Imposing a Temporary Import Surcharge To Address Fundamental International Payments Problems, Proclamation 11012 of February 20, 2026,

Product-Specific Tariffs under Section 232, Trade Expansion Act 1962[27]			
Sector	**Global Rate**	**UK Rate**	**Notes**
Steel and Aluminium	50%	25%	EPD relief secured. See Chapter 3.
Copper	50%	50%	
Automobiles and Parts	25%	10%	EPD relief secured, subject to quota. See Chapter 3.
Trucks, Buses and Parts	25%	25%	A reduced rate of 10% applies to buses for all exporters.
Wood Products and Furniture	30–50%	10%	EPD relief secured.
Timber and Lumber	10%	10%	
Semiconductors	25%	25%	On specified advanced computing chips and derivatives
Pharmaceuticals	100%	10%	Effective 31 July 2026. The UK has secured a reduced rate of 0–10%, see Chapter 4.

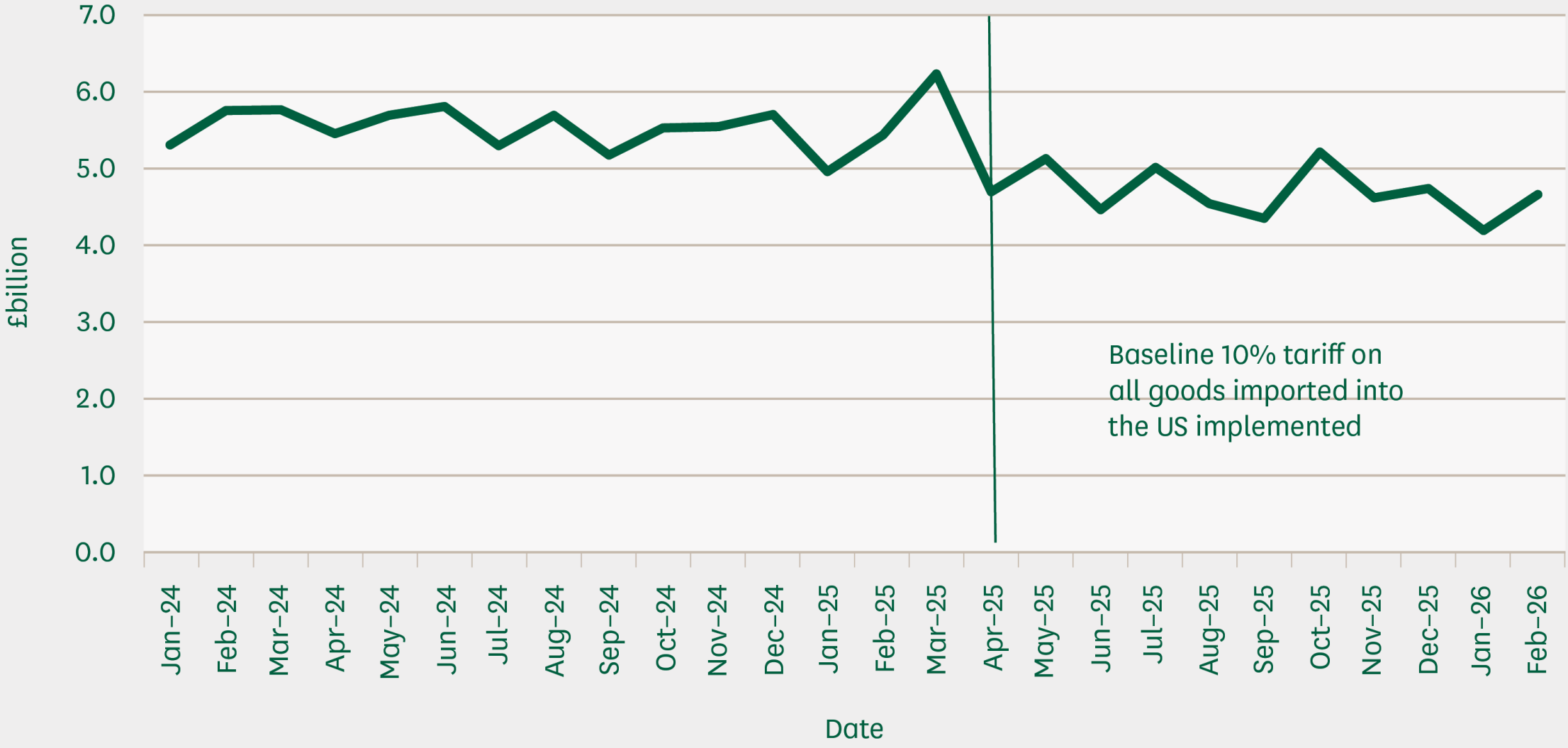
11. The impact on trade has been worse for goods than for services. Total UK-US trade in goods and services in the year to Q4 2025 actually rose 2.5% year-on-year, to £331 billion. However, exports of goods to the US declined from £66 billion in 2024 to £59 billion in 2025 (-11%) , particularly in tariff-exposed categories, as shown in Figures 2a and 2b.[28]

Figure 2a: Line chart showing UK goods exports to the United States (£ billion, not seasonally adjusted) from January 2024 to February 2026; Figure 2b: Nine-panel chart tracking UK goods exports to the US by commodity (percentage change from 2024 baseline), January 2025–February 2026. Source: UK trade statistics from the Office for National Statistics

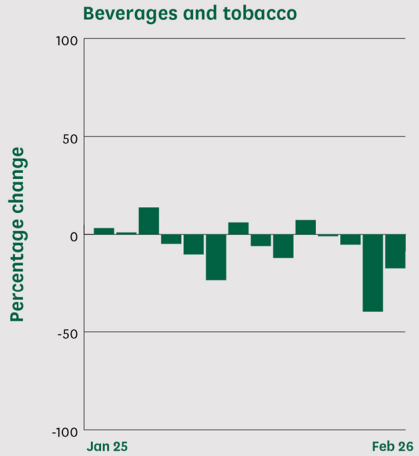
27 Covington & Burling LLP, 'Current and Forthcoming Section 232 Actions by the Trump Administration', 23 April 2026

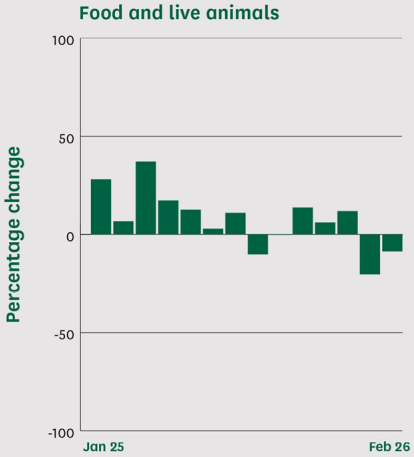
28 BritishAmerican Business (UST0022)

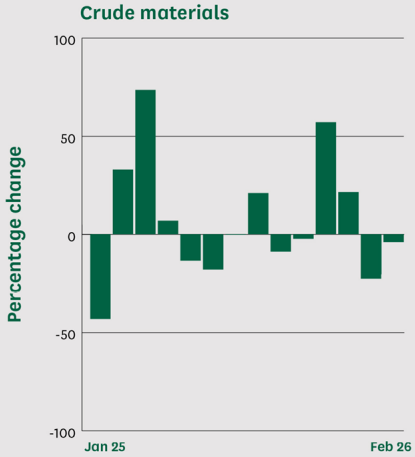
Monthly UK goods exports to the United States

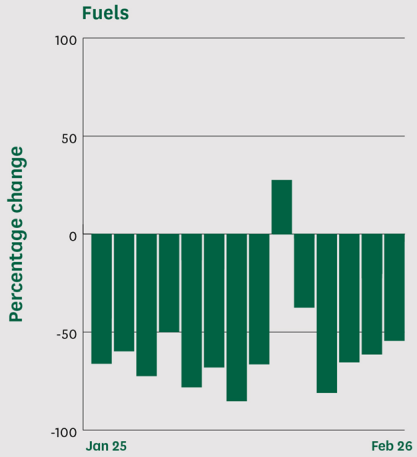


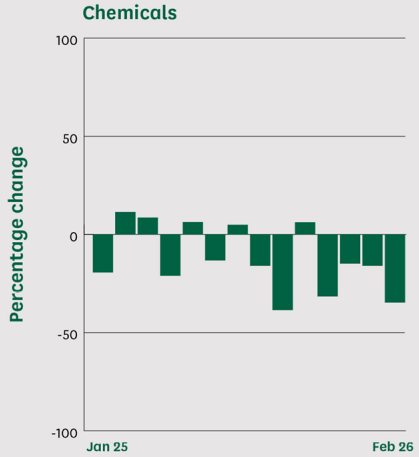
Goods exports to the United States by commodity, percentage change compared with 2024 monthly average

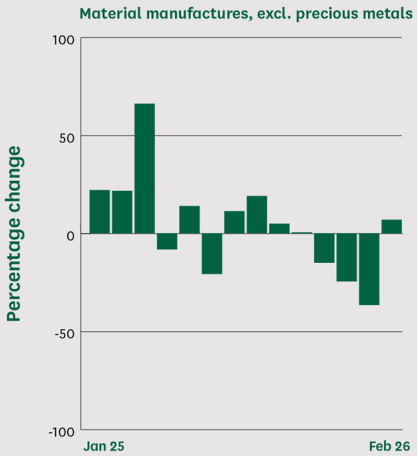


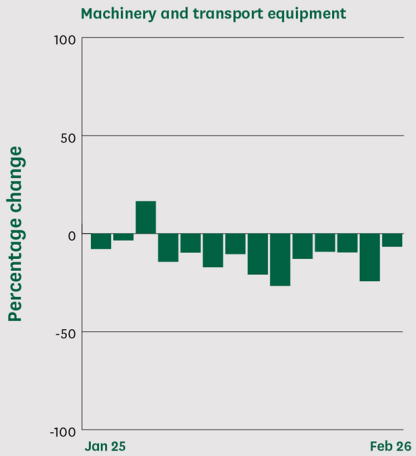


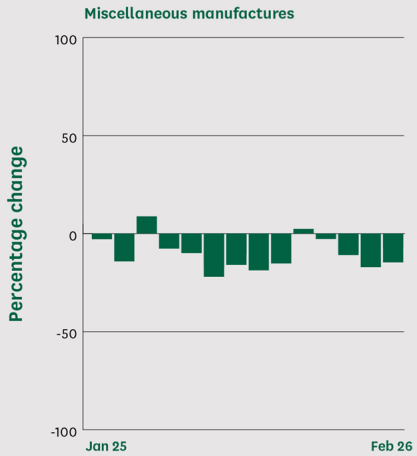


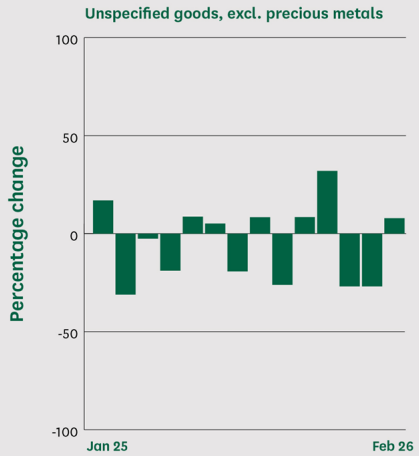












12. Businesses and trade associations now report a range of challenges for UK exporters:

- BritishAmerican Business (BAB) found that the challenge has been not only the direct cost of tariffs, but the uncertainty surrounding their application, evolution and legal basis, which has reduced predictability for trade, investment and supply chain decisions.[29]
- Russell Codling, Director of Markets Business Development at Tata Steel, told us that Tata's customers "while pleased to see some stability, are still very nervous about potential changes that can be deployed".[30]
- The British Chambers of Commerce reported that more than 60% of firms with US trade exposure expressed alarm at rising trading costs and policy volatility.[31]

13. Looking ahead, stakeholders highlighted the following challenges:

- MakeUK found that the UK's initial "relative advantage over economies facing higher tariff exposure" had "narrowed over time", as export performance weakened later in 2025 and as "US policy evolved."[32]
- Trade experts from Flint Global advised that UK firms should expect "an increasingly complex patchwork of measures imposed under different statutory authorities, increasing compliance burdens", with Section 301 likely becoming the principal mechanism for country-specific tariffs and Section 232 remaining the primary sector-specific tool.[33]

14. We also heard concerns surrounding the link between US trade policies and broader foreign policy. In April 2026, President Trump stated that the trade deal "can always be changed", linking this explicitly to the UK's decision not to participate in US military operations against Iran. ADS Group, the trade association for aerospace, described this comment as "unsettling for industry, especially global sectors with long investment cycles such as aerospace, defence, space and security".[34]

15. SMEs are particularly exposed to uncertainty caused by changing US trade policy. The British Chambers of Commerce reported "some SMEs have concluded that the costs and red tape involved in selling goods to

29 BritishAmerican Business (UST0022)
30 Oral evidence taken on 10 February 2026, Q252, [Russell Codling]
31 British Chambers of Commerce (UST0036)
32 MakeUK (UST0039)
33 Flint Global, What to expect next from US tariff policy', 5 May 2026
34 Starmer says he's 'not going to yield' to pressure from Trump on Iran war, BBC News, 15 April 2026; ADS Group (UST0031)

businesses or consumers in the US is not worth the return from such sales, and have pivoted to other markets instead."[35] MakeUK recommended that "SMEs in particular would benefit from clear guidance to help them navigate US policy."[36] Firms are also facing an increasing burden from customs checks, with a significant intensification of US customs enforcement in 2025, as shown in Table 3.

Table 3: US Customs and Border Protection trade enforcement activity, FY2024–2025[37]

Metric	FY 2024	FY 2025	Change
Audits completed	417	465	+11%
Audit collections	$118m	$235m	+100%
Trade penalties	2,204	2,432	+10%
Trade Liquidated Damages	22,399	53,052	+137%
Penalties and Damages Collections	$26m	$46m	+74%

16. We received the following examples from UK firms of the costs incurred due to implementation of US tariffs:

a. ADS Group, told us that even where aerospace parts are exempt from tariffs, UK businesses "are caught up in the bureaucracy of the US' new trade policy which imposes a burden of proof on companies importing products into the US", and there is "evidence of firms reconsidering long-standing supplier relationships to avoid tariff zones".[38]

b. MakeUK reported "continuing concerns around rules of origin", particularly for products covered by the Section 232 sectoral tariffs, as well as around "any manufactured good with inputs imported from a market with higher tariff rates", such as China. MakeUK also noted that the US "has shown it is quick to update rules of origin requirements, with little to no warning".[39]

35 British Chambers of Commerce (UST0036)

36 MakeUK also recommended " practical support for exporters, especially SMEs, remains important through clearer export advice, stronger in-market expertise, better coordination across Whitehall and more consistent support for trade missions, e-commerce and market development. " MakeUK (UKT0039)

37 US Customs and Border Protection, Trade Statistics, updated 28 February 2026. Fiscal year runs 1 October to 30 September.

38 ADS Group (UST0031)

39 Make UK (UST0039),

c. The Wine and Spirits Trade Association (WSTA) highlighted a further compounding effect specific to spirits. The US three-tier federal alcohol distribution system means tariff costs are multiplied as each tier of the supply chain adds its margin, so a 10% tariff on UK spirits translates into a materially higher increase in shelf prices for US consumers. This in turn accelerates the shift to non-UK substitutes.[40]

Government response to tariffs

17. The UK Government has remained in active engagement with the United States since the April 2025 tariff announcements, with outcomes including the Economic Prosperity Deal, Technology Prosperity Deal, the Pharmaceutical Arrangement and the recent removal of tariffs on Scotch whisky. The Department for Business and Trade told us they "are working towards a partnership that is future-facing and built on a shared vision of the challenges that face our economies" and that the agreements struck "can be further expanded over time to cover additional areas".[41]

18. Evidence suggests general appreciation for the Government's efforts to ameliorate tariff impacts. The British Chambers of Commerce noted that UK agreements with the US have brought "much-needed stability" to some trade terms, particularly on automotives and pharmaceuticals.[42] ADS found that the Government was reacting "as fast as it is able to in a volatile trade environment.".[43] Audrey Yvernault, Vice-President of Government Affairs at GSK, told the Committee:

> without those high level agreements, where would we be? Businesses recognise that, while a channel of communication is open, the UK Government have the ability to engage in the right kinds of conversations.[44]

19. However, there has been criticism of how well the UK Government's negotiating objectives and achievements have been communicated to business. Duncan Edwards OBE of British American Business observed that the Economic Prosperity Deal and Technology Prosperity Deal function as broad frameworks, but "part of the challenge and some frustration is the nature of the written documents produced".[45] While the tariff elements are explicit, the other commitments "deal in big principles" , with language with "enough room for different interpretations". The UK's red

40 Wine and Spirit Trade Association (UST0018)
41 Department for Business and Trade (UST0042)
42 British Chambers of Commerce (UST0036)
43 ADS Group (UST0031)
44 Oral evidence taken on 10 February 2026, Q298, [Audrey Yvernault]
45 Oral evidence taken on 10 February 2026, Q278, [Duncan Edwards]

lines and negotiating positions "were not clearly set out in the published framework agreement [of the EPD]". Similarly, he told the Committee that the Technology Prosperity Deal contains "a set of actually very sensible, encouraging ideas" on digital trade and AI regulation, but "do not have the detail", with the expectation that "detail would follow through a set of follow-on negotiations."[46] The National Farmers' Union (NFU) also found the iterative nature of the deal challenging as arrangements "have developed in stages, which makes it difficult for businesses to understand with confidence what the settled end-state is meant to be".[47] The Trade Justice Movement raised questions regarding "information about when negotiations are taking place, or what the Government's overall negotiating objectives are".[48] The Society of Motor Manufacturers and Traders (SMMT) told us that Government engagement was "frequent but constrained by non-disclosure agreements (NDAs), which limited the wider dissemination of information". However, while this made it more difficult to represent an industry position, they also acknowledged that the "sensitivities justified a cautious approach".[49]

20. We also heard mixed assessments of cross-Government coordination. The Government has confirmed that DBT holds lead responsibility for the EPD, with DSIT and DESNZ leading on the TPD, coordinated through "established official and ministerial channels, supported by the Cabinet Office."[50] The British Chambers of Commerce assessed communications as "timely and clear", credited DBT with well-conducted coordination on EPD issues, and noted that "the role of No. 10 has been crucial in securing the suite of agreements and securing their timely implementation by the US Administration."[51] On the other hand, the Trade Justice movement noted a "lack of clarity" around ongoing responsibility for implementation and further negotiations once agreements like the EPD have been signed.[52]

21. Evidence suggests that business uncertainty derives not only from the unpredictability of future US policies, but even the difficulty of ascertaining what rules apply at any given moment. BritishAmerican Business highlighted that "the overall picture presented to business has often lacked clarity, with information fragmented across press releases, technical notices, and US implementing documents, rather than consolidated into a clear and

46 Oral evidence taken on 10 February 2026, Q278 [Duncan Edwards]
47 NFU (UST0021)
48 Trade Justice Movement (UST007)
49 They also stated that " The UK Embassy in Washington has engaged regularly with SMMT leads and has provided indispensable support for the industry. " SMMT (UST0041)
50 Trade Agreements: USA, WPQ 106486, 26 January 2026, Trade Agreements: USA, WPQ 88583, 13 November 2025
51 British Chambers of Commerce (UST0036) BritishAmerican Business also described the business unit at No. 10 as playing a "central role"; and identified the Pharmaceutical Arrangement as a notable example of effective cross-departmental delivery.
52 Trade Justice Movement (UST007)

authoritative source".[53] This has been most acute where outcomes depend on US implementation, with businesses relying on US Customs and Border Protection notices, Federal Register publications and quota bulletins, rather than UK-issued guidance. This material has also been described as "highly technical and regularly updated", making it difficult for businesses (particularly smaller firms) to understand the practical implications without specialist advice.[54] The British Chambers of Commerce said that any guidance "needs to be supplemented with reference to the detailed origin and customs rules" in order to give a full picture.[55]

22. On the specific forced labour questions raised by the US, the Department for Business and Trade has launched a review of responsible business conduct, focussed on tackling human rights and labour abuses and environmental harms in global supply chains.[56] This was cited by the Government in response to our previous recommendation that the UK should align with other countries to introduce mandatory human rights due diligence legislation, and consider new levers such as import bans on products from regions where forced labour prevails.[57]

23. **CONCLUSION**

US tariffs are now a structural feature of the trading environment and will persist. In our conversations with allies around the world, few expect tariffs to return to their prior levels after the next US Presidential election. The UK's effective tariff rate is among the lowest in the G7, but this is only a comparative advantage in a worse environment. UK firms continue to report ongoing costs and frictions in navigating the US's evolving regime and UK goods exports to the US have declined in tariff-exposed categories. The complexity of the regime falls disproportionately on smaller firms least able to absorb its impacts and complexities.

53 BritishAmerican Business (UST0022)
54 BritishAmerican Business (UST0022)
55 British Chambers of Commerce (UST0036)
56 Department for Business and Trade, UK Statement for the Open-Ended Intergovernmental Working Group on Transnational Corporations, 20 October 2025
57 Business and Trade Committee, Sixth Special Report of Session 2024–26, US Economic Prosperity Deal: Government Response, HC 1545

24. **CONCLUSION**
The UK Government has responded to US tariff policy as fast as a volatile environment allows, and has brought welcome stability to some trade terms. However, the agreements remain frameworks with language open to divergent interpretation, and their durability subject to US foreign policy considerations. UK Government guidance has not kept pace with American policy volatility and now UK firms are struggling to lay hands on the information they need, when needed.

25. **RECOMMENDATION**
The Government should publish one consolidated, regularly updated "business-facing" guidance source for the EPD, the Technology Prosperity Deal and the Pharmaceutical Arrangement. This guidance should distinguish between the tariff and customs requirements currently in force and what remains under negotiation and should set out the exact steps businesses must take to comply with the rules.

26. **RECOMMENDATION**
The urgency of the Government's responsible business conduct review has been underlined by the new US tariffs connected with forced labour. We reiterate our previous recommendation that the Government introduce mandatory human rights due diligence legislation and an import ban on goods produced with forced labour, building on the foundations of the Modern Slavery Act 2015.

27. **RECOMMENDATION**
The Government should report to the Committee on the outcome of the DBT responsible business conduct review in response to this Report.

Scrutiny

28. The Economic Prosperity Deal, Technology Prosperity Deal and the Pharmaceutical Arrangement are legally non-binding agreements with the United States. In response to the Committee's previous report, the Secretary of State confirmed that "Members will have the chance to scrutinise the EPD when it is presented to the House" and that "any primary or secondary legislation required to implement an agreement will be subject to standard legislative procedures".[58] In correspondence with this Committee, the Government was also clear that it is "not seeking to change existing statutory scrutiny processes".[59]

58 Business and Trade Committee, Sixth Special Report of Session 2024–26, US Economic Prosperity Deal: Government Response, HC 1545

59 Letter from Secretary of State for Business & Trade, 22 July 2025

29. The opportunities for parliamentary scrutiny afforded so far, however, have been limited:

a. Implementation of the beef and ethanol quotas through secondary legislation breached convention by compressing the SI laying period in Parliament to three days, rather than the standard 21 days before an instrument comes into force.[60]

b. To implement the Pharmaceutical Arrangement, the Government used secondary legislation to give Ministers the power to direct the National Institute for Health and Care Excellence (NICE) to change its cost-effectiveness thresholds.[61] The Lords Secondary Legislation Scrutiny Committee said the explanatory memorandum that accompanied these regulations was inadequate, because it did not explain that that the UK–US pharmaceuticals arrangement was the impetus for the change, or provide any information about cost implications.[62] The Government declined to publish an impact assessment due to "commercial sensitivities".[63] The Lords Committee therefore, decided to draw the new NICE regulations to the attention of the House.[64] The Joint Committee on Statutory Instruments found that the same regulations made "an unexpected use of the enabling power" in the Health and Social Care Act 2012.[65]

30. The Secretary of State told the Lords International Agreements Committee on 26 February 2026, that "non-agreements" (agreements that are not a treaty) allow for flexibility in the current circumstances, and that the Government aims to negotiate them "in a way that keeps [the committee] genuinely informed".[66] However, the Trade Justice Movement described the absence of formal scrutiny as a "step backwards from an already wholly

60 Customs (Preferential Trade Arrangements and Tariff Quotas) (US) (Amendment) Regulations 2025

61 Following a consultation, the government introduced new regulations to allow ministers to direct NICE to change the cost-effectiveness thresholds for medicines spending. On 2 March 2026, the Government laid the National Institute for Health and Care Excellence (Amendment) Regulations 2026 (SI 2026/202), made under sections 237(1) and (2) of the Health and Social Care Act 2012, introducing a power for the Secretary of State to direct NICE on the cost-effectiveness threshold

62 Instruments drawn to the special attention of the House, 5 March 2026, National Institute for Health and Care Excellence (Amendment) Regulations 2026 (SI 2026/202)

63 NHS: Drugs, Question for Department of Health and Social Care, UIN 118066, tabled on 4 March 2026

64 Instruments drawn to the special attention of the House, 5 March 2026

65 The act says that ministerial directions cannot be given about the "substance" of NICE recommendations, and the Government said it did not consider that setting cost-effectiveness thresholds affected the "substance" of NICE recommendations.

66 Q1, One-off session with Secretary of State, International Agreements Committee, Tuesday 24 February 2026

inadequate status quo".[67] Legal experts Dr Nicolette Butler and Dr Jasem Tarawneh warned that the cumulative effect is that "agreements with far-reaching implications for domestic policy and public services may be developed and implemented with limited transparency or accountability."[68]

31. **CONCLUSION**

By implementing UK-US trade commitments through non-binding agreements and secondary legislation, the UK Government is conducting trade policy in a way that limits opportunities for parliamentary scrutiny. The Secretary of State suggested that Members would have the chance to scrutinise the EPD when presented to the House, but no date for this has been set. Furthermore, the use of secondary legislation has been rushed and lacked transparency.

32. **RECOMMENDATION**

The Government should honour its commitments to the House and ensure the EPD and the recent UK-US agreements are presented properly to the House for scrutiny. If it cannot do this, the Government should explain how parliamentary scrutiny will be assured for each agreement as implementation proceeds through secondary legislation.

33. **RECOMMENDATION**

The Government should publish impact assessments for the US agreements already concluded, including the Pharmaceutical Arrangement, without further delay. It should further ensure that all future economic agreements with the US are accompanied by a timely impact assessment.

67 Trade Justice Movement (UST007)
68 Dr Nicolette Butler and Dr Jasem Tarawneh (UST0005)

3 Implementing the Economic Prosperity Deal

34. On 8 May 2025, the Prime Minister and the US President announced the framework for a UK-US economic deal, known as the General Terms for the Economic Prosperity Deal (EPD).[69] The commitments in the Economic Prosperity Deal are in areas including:

- ameliorating tariffs by sector;
- reducing non-tariff barriers;
- digital trade; and
- economic security.

35. Tariff mitigation has occurred in a limited number of strategically prioritised sectors, but it has not yet provided broad-based relief or restored predictability across the UK-US trading relationship.[70] Positive progress can be reported in six sectors:

- UK automotive exporters secured relief through a tariff-rate quota reducing US Section 232 duties from 27.5% to 10%, albeit with volume constraints;
- UK farmers can, for the first time, make use of an exclusive 13,000 tonne duty-free beef quota for export to the US;
- lumber, timber and wood products benefit from a lower tariff rate of 10%, compared to a global rate of 30–50% (see Table 2);
- civil aerospace has returned to a stable, tariff-free footing under the WTO Agreement on Trade in Civil Aircraft;
- whisky products have also returned to a duty-free environment following the recent State visit to the US;[71] and

69 Department for Business and Trade, General terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal, 8 May 2025, gov.uk

70 BritishAmerican Business (UST0022)

71 Department for Business and Trade (UST0042)

- the Pharmaceuticals Arrangement has delivered tariff-free access for UK pharmaceutical exports for at least three years, combined with commitments on supply chain cooperation;[72]

These outcomes demonstrate that negotiated solutions are achievable even in a challenging US trade policy environment. Further evidence the Committee has received about these sectors is summarised in the Annex. The Pharmaceutical Arrangement is discussed further in Chapter 5.

36. However, the EPD has not delivered durable protections against the use of alternative US tariffs in future. As discussed in Chapter 2, the 10% tariff on most goods exports to the US remains - currently under Section 122, with forced-labour tariffs under Section 301 expected to step into its place upon expiry in July 2026. As discussed in Table 2, Section 232 tariffs on copper, trucks and semiconductors place the same global tariff rate on UK exporters. Additionally, Section 232 investigations in six further sectors are pending outcomes, with potential for further tariffs: commercial aircraft and jet engines, polysilicon and derivatives, unmanned aircraft systems and parts, wind turbines and components, personal protective equipment and medical consumables, and robotics and industrial machinery.[73][74]

37. Limited progress has been made in the steel and aluminium sector, where exports remain subject to 25% Section 232 tariffs, with the promised most favoured nation (MFN) rate quota still undelivered one year on. Equally, progress has stalled in the cross-cutting EPD areas of non-tariff barriers and digital trade. In the realm of economic security, some agreements have advanced in a limited way. The remainder of this chapter focuses on the evidence the Committee has received in these stalled policy areas.

72 Department for Business and Trade (UST0042)

73 Current and Forthcoming Section 232 Actions by the Trump Administration, Covington & Burling LLP, 23 April 2026

74 Section 232 Investigations, Bureau of Industry and Security, US Department of Commerce

Steel and Aluminium

Table 4: Progress under the Steel and Aluminium commitments of the EPD, and previous Business and Trade Committee recommendations

BTC Recommendation: September 2025[75]	Government Response[76]	Progress
Minimise tariffs for UK steel and aluminium producers, with rules that support UK producers. Monitor the impact of tariffs on steel derivatives. Bring forward reform of the Trade Remedies Authority.	Domestic support measures include the Tata Steel EAF grant, strengthened safeguards, and energy cost relief. The Government is looking to introduce legislation on the TRA.	No quota has been established. UK steel and aluminium exports remain subject to 25% Section 232 tariffs. The Government has held a call for input on potential powers to protect the UK from adverse economic pressure, to which the Committee has inputted.[77]

38. The most important commitment made in the EPD, which has not been achieved, is on steel and aluminium. The EPD proposed that the United States would remove the Section 232 tariff for UK steel and aluminium exports, including certain derivative products, subject to a quota.[78] Russell Codling, Director of Markets Business Development at Tata Steel UK, confirmed to the Committee in February 2026 that the EPD commitment remained undelivered: "there is no quota; zero quota".[79][80]

75 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC1306,

76 Business and Trade Committee, Sixth Special Report of Session 2024–26, US Economic Prosperity Deal: Government Response, HC 1545

77 GOV.UK, Call for input on potential powers to protect the UK from adverse economic pressure, 9 April 2026; Business and Trade Committee submission to the call for input, 16 June 2026

78 Subject to the UK meeting US requirements on supply chain security and ownership of relevant production facilities. General terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal, Department for Business and Trade, 8 May 2025

79 Oral evidence taken on 10 February 2026, Q252, [Russell Codling]

80 It should be noted that an Executive Order has authorised the US Secretary of Commerce to create a quota "at a future time", conditional on UK compliance with US supply chain security requirements.

39. The steel and aluminium sector has been subject to particularly acute volatility in US policy:

- In June 2025, the US steel tariff rate was increased to 50%, but the UK secured a preferential rate of 25%.[81] ADS Group found it "important to remember that the UK has secured a better deal than many other international competitors".[82]
- Tariffs were also applied to metal content in other products ('derivatives'), with the UK again receiving a lower rate. However, in April 2026, President Trump adjusted tariffs such that they apply to the full value of 'derivative' products regardless of the proportion of metal within them. According to MakeUK, while these changes removed some products from scope, "overall, extended tariff treatment across UK exports to the US".[83]
- This framework was modified again in June 2026, with the US again adjusting which products fell within scope and revising the duty rate structure.[84]
- The UK now faces the same steel tariff structure and rate as other countries.[85] BritishAmerican Business warned that ongoing exposure to Section 232 tariffs, coupled with adjustments to the treatment of derivative products, had "eroded the UK's relative position" and continued to weigh on investor confidence in a strategically important sector.[86] The British Chambers of Commerce found that "the flux in US duties, particularly on derivative products of steel and aluminium, has caused uncertainty and lower sales since March 2025".[87]

40. The lack of movement on a steel quota for UK exporters has had significant consequences. ADS Group stated that although "a deal has not been reached for a variety of complex reasons, a lack of movement is devastating for our fragile steel manufacturing industry".[88] Similarly, Overton Advisory stated that the 25% tariff was causing US contractors to substitute UK-

81 Department for Business and Trade (UST0042)
82 ADS Group (UST0031)
83 Strengthening Actions Taken To Adjust Imports of Aluminum, Steel, and Copper Into the United States), Proclamation 11021 of April 2, 2026.. MakeUK (UST0039)
84 Further adjusting the tariff regimes for imports of aluminum, steel, and copper into the United States, Proclamation 11032 of 1 June 2026
85 Under the June framework, UK steel and aluminium articles face a rate calculated as the product's Column 1 WTO duty rate plus the additional section 232 duty, with a floor of 15 percent, alongside Argentina, Ecuador, El Salvador, Guatemala, Japan, the Republic of Korea, Liechtenstein, Switzerland, Taiwan, or a member nation of the European Union.
86 BritishAmerican Business (UST0022)
87 British Chambers of Commerce (UST0036)
88 ADS Group (UST0031)

sourced components with domestic alternatives on cost rather than capability grounds, forcing UK-based clients to redirect towards European and Middle Eastern markets.[89]

41. Evidence to this inquiry suggested solutions.[90] In increasing order of difficulty:

- Overton Advisory, a UK strategic advisory firm, stated that "the Government should negotiate a binding quota arrangement for UK steel and aluminium exports … at a tariff rate no higher than the 10% EPD baseline".[91]
- BritishAmerican Business stated that "the UK Government's minimum acceptable outcome should be the delivery of the EPD commitment in full".[92]
- The British Chambers of Commerce recommended the same but said it should also negotiate "a pathway to zero tariff trade in steel and aluminium products."[93]

42. One area of particular concern has been the "melt and pour" requirements under US tariffs, which require steel to have been melted and poured in the relevant country to secure lower tariffs. On 28 April 2026, the US Bureau of Industry and Security confirmed an exemption, where steel produced by Tata Steel UK using substrate melted and poured in the Netherlands, rather than the UK, would continue to access the lower UK tariff until 1 January 2028.[94] Tata Steel UK welcomed this, saying it reflected "the significant work undertaken by both the UK and US negotiating teams, for which we are grateful". Tata Steel UK, while arguing that the arrangement was "unlikely to create substantial new export growth", estimated that it would

89 "For clients supplying under fixed-price or US Government defence contracts, the tariff creates a cost disadvantage that is difficult to absorb or pass through; and for clients considering capital investment in new processing capacity, tooling or workforce, the unresolved quota position removes the cost visibility needed to commit." Overton Advisory (UST0012)

90 Shanker Singham (Competere Foundation) recommended that any quota must "be a stable, transparent, and commercially usable arrangement. It should include clear quota volumes, product coverage, derivative-product treatment, origin rules, allocation rules, supply-chain-security conditions, ownership conditions, compliance procedures, and implementation dates.

91 Overton Advisory (UST0012)

92 BritishAmerican Business (UST0022)

93 British Chambers of Commerce (UST0036)

94 Industry and Security Bureau, Notice of Technical Corrections to the Harmonized Tariff Schedule of the United States for Duties Imposed by Presidential Proclamation 11021, 29 April 2026

enable "annual revenues [into the US] in excess of $100 million".[95] However, following the changes to steel and aluminium duties in June 2026, with the UK facing the same tariff structure as other major trading partners, the value of this exemption has diminished.

Non-Tariff Barriers

Table 5: Progress under the non-tariff barrier commitments of the EPD, and previous Business and Trade Committee recommendations

Recommendation: September 2025[96]	Government Response[97]	Progress
The EPD lays important foundations for reducing non-tariff barriers and urges the Government to engage stakeholders early to ensure future commitments protect UK standards while unlocking market access opportunities.	Ministers have engaged widely with business on NTBs; the Government commits to ongoing engagement throughout EPD negotiations and states that UK trade deals will always uphold high standards in food, environment, and animal welfare.	None.

43. The Economic Prosperity Deal committed both governments to reducing specific non-tariff barriers (NTBs).[98] We heard the following from stakeholders about this:

- BritishAmericanBusiness (BAB) told us that commitments on conformity assessment, mutual recognition agreements and standards recognition were "among the most commercially promising elements of the deal". BAB was of the view that "structured, sector-specific cooperation" on non-tariff barriers offers a "significant opportunity to support trade growth without reopening sensitive debates on standards".[99]

95 Letter from Tata Steel UK relating to UK-US steel trade arrangements and UK-EU steel quota negotiations, 22 May 2026

96 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC1306,

97 Business and Trade Committee, Sixth Special Report of Session 2024–26, US Economic Prosperity Deal: Government Response, HC 1545

98 This included strengthening bilateral trade in agriculture (subject to SPS standards), intending to accord equal treatment to conformity assessment bodies, building mutual recognition agreements in services domestic regulation and certain industrial goods, and discussing the principles behind international standards.

99 BritishAmerican Business (UST0022)

- Overton Advisory told the Committee that for their clients, industrial mutual recognition arrangements represented "among the highest-value opportunities in the current negotiating framework".[100]

- Shanker Singham, of trade consultancy Competere, recommended that mutual recognition agreements (MRAs) between the UK and US should be prioritised, as they "reduce practical barriers without requiring identical rulebooks".[101]

44. The EPD however has fallen short in its ambition to reduce non-tariff barriers. One year on, these ambitions "remain largely aspirational" in the words of BritishAmerican Business.[102] Their analysis found "little evidence of tangible progress or implementation benchmarks in these areas", which they argued "reinforces the perception that the EPD framework has not yet evolved into a broader platform for trade liberalisation or services-led growth".[103] We received evidence requesting a workplan for progress on non-tariff barriers within the Economic Prosperity Deal.[104]

45. Progress has been impeded by two strategic challenges. On the one hand, the UK and the US take a very different philosophical approach to standards. On the other, the UK has prioritised a sanitary and phytosanitary (SPS) agreement with the EU, which creates limited room for further agri-food deals with the US.

a. **Differing approaches to standards:** The EPD committed the UK and the US to "discuss the principles and criteria used in order to recognize a standard as an international standard".[105] This was intended to ease regulatory burdens for businesses by harmonising how the UK and US recognise standards. However, the British Standards Institution (BSI), the UK national standards body, told us that this presents "serious risks for the UK".[106] BSI warned that recognising US private interest

100 They noted that many clients already produce to both British Standards and US Military Standards, and that duplicative testing, certification and approval processes across two jurisdictions add cost and extend lead times "without improving quality or safety outcomes on either side."[REF] For smaller manufacturers in particular, these costs act as "a practical barrier to US market entry that no tariff reduction alone can offset." Overton Advisory (UST0012)

101 Competere Foundation (UST0033)

102 BritishAmerican Business (UST0022)

103 BritishAmerican Business (UST0022)

104 Overton Advisory (UST0012), United States Chamber of Commerce (UST0028)

105 Department for Business and Trade, General terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal, , 8 May 2025, gov.uk

106 The US and UK operate fundamentally incompatible standards systems: the UK relies on a coherent, single national standards model aligned with the international ISO and IEC framework, while the US operates through private interest standards development organisations that compete with each other and with the international system. Written

standards as equivalent to British Standards would turn the UK from a "maker" of standards into a "taker", leading to increased compliance costs, safety risks and harm to both the UK-EU trading relationship and the UK internal market (due to potential divergence between Great Britain and Northern Ireland). On the other hand, Shanker Singham argued that a pro-growth arrangement "should allow recognition of US-domiciled standards development organizations where they meet recognized international principles".[107]

b. **SPS standards:** The UK Government committed to enhance agricultural market access, subject to SPS standards and other mutually agreed standards. However, the NFU warned that UK agricultural sectors face structural and regulatory differences from the United States. They reiterated that any future work under the EPD on standards, verification or regulatory cooperation "must not weaken UK SPS protections, must not open the door to products produced to standards that would be illegal here, and must not compromise the UK's ability to pursue a closer SPS relationship with the EU".[108][109] Conversely, the recent US National Trade Estimate Report expresses concern that the UK's likely future dynamic alignment with EU SPS rules will further constrain US agricultural exports.[110][111] Shanker Singham suggested the UK pursue "risk-based and science-based SPS cooperation" with the United States, which "does not require the abandonment of UK regulatory objectives" but rather requires the UK "to distinguish regulatory outcomes from specific EU regulatory methods" and recognise US systems where they "achieve equivalent safety objectives".[112] Chris Bryant, Minister for Trade, told the Committee the UK is a "global leader" in food standards, and this area is "simply not part of what we would negotiate away".[113]

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submission from the British Standards Institution (BSI) (UKT0000)

107 Competere Foundation (UST0033)

108 NFU (UST0021); Compassion in World Farming welcomed the Government's confirmation that the EPD did not breach the UK's red lines on hormone-treated beef, ractopamine in pork, or chlorine-washed chicken.

109 WWF and Compassion in World Farming both highlighted that SPS protections address food safety but leave a structural gap on environmental and animal welfare conditions, with Compassion calling on the Government to set core minimum animal welfare standards as a condition for any tariff- or quota-free access granted through trade deals.

110 The US is "concerned that existing UK measures, and the likely future dynamic alignment with the EU, unnecessarily restrict trade without furthering safety objectives." National Trade Estimate Report 2026.pdf

111 The Alternative Protein Association told us they called for novel foods carve-outs in any UK-EU arrangement in its responses to the DEFRA Call for Information on the SPS agreement and in evidence to the House of Lords inquiry on dynamic alignment.

112 Competere Foundation (UST0033)

113 Oral evidence taken on 9 March 2026, Q372, [Sir Chris Bryant MP]

Digital Trade

Table 6: Progress under the digital trade commitments of the EPD, and previous Business and Trade Committee recommendations

Recommendation: September 2025[114]	Government Response[115]	Progress
Any future digital trade provisions negotiated under the EPD should strike a careful balance: promoting AI adoption and cross-border collaboration to strengthen the Western technological alliance, while safeguarding intellectual property, ensuring fair taxation, and enabling the development of sovereign UK AI capabilities.	The Government commits to safeguarding regulatory autonomy over the digital economy, including protections for children and adults online.	No substantive agreements have been concluded.

114 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC1306,

115 Business and Trade Committee, Sixth Special Report of Session 2024–26, US Economic Prosperity Deal: Government Response, HC 1545

46. The EPD committed the UK and US to negotiate an "ambitious set of digital trade provisions", including on paperless trade, pre-arrival processing and digitalised procedures for the movement of goods.[116] Stakeholders expressed broad support for digital trade provisions. We heard that commitments should be binding and the UK should seek commitments supporting cross-border data flows, and other digital and data improvements.[117]

47. However, no substantive progress has been made on these EPD commitments. We heard that the lack of progress has become more consequential in the context of wider changes to the trading environment, such as the US decision to remove its de minimis threshold and the UK's ongoing review of its own de minimis regime.[118][119] The Technology Prosperity Deal, examined in Chapter 4, provides a parallel framework for cooperation on AI and frontier technologies, but BritishAmerican Business warned that it does not substitute for or operationalise the EPD's digital trade commitments.[120]

Economic Security

48. The EPD committed the two governments to "strengthen cooperation on economic security, including by coordinating to address non-market policies of third countries". In February 2026, the UK and US signed a memorandum

116 Department for Business and Trade, General terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal, 8 May 2025

117 These included: no unnecessary data localization, electronic contracts, electronic invoicing, electronic transferable records, paperless customs, pre-arrival processing, digital authentication, and customs data reuse. UKFinance, The Competere Foundation. BritishAmericanBusiness and CCIA supported similar provisions. The British Chambers of Commerce recommended reducing processing times at ports and introducing electronic trade document interoperability for goods moving either side of the Atlantic.

118 UK-US ECONOMIC PROSPERITY DEAL, One Year Progress Review, BritishAmericanBusiness, May 2026, p.20

119 From 29 August 2025, the United States removed the $800 de minimis threshold for commercial shipments, meaning shipments under this value can no longer enter the US without full customs entry and applicable tariff duties. This increases the administrative burden on businesses trading across the border, particularly SMEs reliant on e-commerce. At the Autumn Budget 2025, the UK Government announced it would remove its own £135 de minimis threshold, with changes to take effect by March 2029 at the latest. HMT launched a consultation on the new framework in November 2025.

120 UK-US ECONOMIC PROSPERITY DEAL, One Year Progress Review, BritishAmericanBusiness, May 2026, p.20

of understanding on critical minerals.[121] BritishAmerican Business has described the UK as making "meaningful progress on economic security" through these agreements.[122]

49. The critical minerals Memorandum of Understanding (MoU) was broadly welcomed by industry, although again some highlighted its non-binding nature.[123] SMMT noted that achieving the MoU's aim would require "resources and political commitment", noting that it could be a several years before businesses could "benefit from tangible deliverables".[124] The British Chambers of Commerce suggested that "further economic security agreements of a more binding nature may be required to maximise supply chain certainty".[125] Tees Valley Lithium highlighted two of the pillars of the MoU as vital for the UK to make improvements in the mining sector: investment and streamlining permitting.[126]

50. **CONCLUSION**

One year on, the Economic Prosperity Deal has delivered mixed results. Sector specific tariff mitigations in aerospace, automotive, beef, lumber and timber, pharmaceuticals and whisky show that negotiated outcomes are achievable even in a challenging US trade policy environment. However, progress on three cross cutting issues - non-tariff barriers, digital trade, and economic security - remain aspirational. As a non-binding framework, the Deal has also not delivered durable protection against shape-shifting future US tariffs.

121 "New UK-US partnership to drive investment and bolster critical minerals supply chains", 5 February 2026; Foreign, Commonwealth & Development Office and the Department for Business and Trade. The MOU commits both governments to accelerate efforts to secure the supply of critical minerals and rare earths, mobilise private investment in mining and processing, coordinate on asset sales that may affect national security, and streamline permitting processes. A Mining, Minerals and Metals Investment Ministerial was to be held within 180 days of signature.

122 Progress has been made by "deepening coordination on supply chain resilience, promoting regulatory alignment in emerging technologies, and signalling closer cooperation on export controls and investment screening." BritishAmerican Business (UST0022)

123 BritishAmerican Business (UST0022)

124 SMMT (UST0041)

125 BritishAmerican Business (UST0022), British Chambers of Commerce (UST0036), US Chambers of Commerce (UST0028), Johnson Matthey (UST0010), Tees Valley Lithium (UST0014)

126 Tees Valley Lithium (UST0014)

51. **RECOMMENDATION**

The Government should build on the existing achievements in the EPD and pursue four priorities:

- cut the baseline tariff, using our recommended forced-labour legislation as grounds to argue the UK's rate down;
- secure, as a minimum, an operational most favoured nation rate steel quota, including derivative products, that is stable, transparent, and commercially usable;
- prioritise further work where the UK and US have common interests in economic security, mutual recognition agreements, and digital trade facilitation (such as paperless and pre-arrival processing), while protecting the UK's regulatory freedom; and
- improve predictability by converting opaque non-binding commitments into operational arrangements with published progress and UK policy objectives.

Where the Government cannot yet set out clear operational arrangements for UK-US trade, it should set out in response to this Report what is preventing it, and when this will change.

4 Technology Prosperity Deal

52. The United States is the largest single source of inward investment into the UK, with an FDI stock of £640 billion at the end of 2024, accounting for 30% of the total UK inward FDI position.[127] US investment matters as, in 2025, the United Kingdom's whole economy investment rate was 18.9%, the lowest in the G7.[128] The UK Government has presented the agreements with the US including the EPD, the Technology Prosperity Deal, and the Pharmaceutical Arrangement as ways to deepen our investment relationship and attract further US capital.[129]

Technology Prosperity Deal

53. In September 2025, President Trump's State Visit to the United Kingdom produced the Technology Prosperity Deal (TPD) - a non-binding framework for co-operation between the two countries on artificial intelligence, quantum computing and civil nuclear energy.[130] In the words of the Computer and Communications Industry Association (CCIA), the agreement can "be understood as an attempt to catalyse collaboration, including between British and American companies, public bodies, and research institutions."[131] Table 7 outlines the commitments in each area.

127 Department for Business and Trade, Trade and Investment Factsheet: United States, gov.uk, 14 May 2026

128 ONS, Business investment in the UK: October to December 2025, 31 March 2026

129 Department for Business and Trade (UST0042)

130 Prime Minister's Office, Memorandum of Understanding between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland regarding the Technology Prosperity Deal, 18 September 2025

131 This means it does not address the normal priorities for a services-related trade agreement: establishing rules binding on either or both parties to align regulations, mitigate non-tariff barriers, and thereby encourage trade and investment Computer and Communications Industry Association (CCIA) (UST0030)

Table 7: Commitments within the pillars of the Technology Prosperity Deal

Pillar	Commitments
Artificial Intelligence	Establishing joint Flagship Research programmes for AI-enabled science in joint priority areas, UK-US export promotion in AI, "advancing pro-innovation AI policy frameworks", and partnering national AI standards bodies "to promote secure AI innovation".
Nuclear Power	Pursue collaborative initiatives in nuclear, with the target to achieve full independence from Russian nuclear fuel by the end of 2028. Facilitate commercial partnerships through accelerating licensing, targeting reactor design reviews within two years, and harmonising regulation.
Quantum Industries	Establishing a U.S.–UK benchmarking taskforce to accelerate breakthroughs, with measures such as advancing trusted, interoperable standards for quantum technologies, and pursuing early stage, jointly supported research collaborations.
Research Security	Share information on systems to identify and mitigate threats to the research enterprise, including strengthening collaboration in threat analysis in key technology areas. Initiatives include joint research in 6G-relevant technologies, cooperation on initiatives to improve timing resilience, securing and scaling private capital towards developing technology in the national interest.

54. In December 2025, three months after signature, the United States paused implementation of the TPD, citing dissatisfaction with the pace of wider trade negotiations. It was reported that particular factors of US concern included the UK's position on non-tariff barriers, its Digital Services Tax, and online safety regulation.[132][133] The TPD had also committed both governments to establishing a Ministerial-Level Working Group within six months of signature, with annual formal discussions used to assess progress. Following the TPD's suspension, the Minister for Trade told the Committee

132 U.S.-U.K. Trade Deal Hits Stumbling Block, New York Times, 13 December 2025

133 Kate Jospeh, Director General for Economic Security, told the Committee that the digital services tax, and online safety regulation had "not been a big feature of our negotiations on the trade agreement." Minister Bryant told the Committee that the Online Safety Act "is necessary. Indeed, we may need to go further, but it is a matter for DSIT to decide exactly how far we go". Oral evidence taken on 9 March 2026 Q382- 386 [Kate Joseph]

that the Group will "meet when co-operation on the deal is resumed in full".[134] Nevertheless, the Government has confirmed that collaboration on the civil nuclear pillar was re-opened in January 2026.[135]

55. Stakeholders were lukewarm on the immediate benefits of the TPD. BritishAmerican Business assessed the TPD's impact to date as "largely indirect and prospective rather than immediate", adding that many commitments "formalise or extend existing cooperation between agencies, regulators and research bodies" without yet translating into "clearly identifiable new commercial opportunities or improved market access." The partial suspension had, in BritishAmerican Business's assessment, "reinforced concerns about the non-binding nature of the agreement and the absence of clear timelines, deliverables and public implementation guidance".[136] The CCIA called for "a more ambitious and durable technology agreement" that could help "shape standards that support the continued growth of the global digital economy".[137]

56. We also heard that the UK must maintain clear digital trade red lines on data protection and regulatory autonomy. Hugh Milward, Senior Director at Microsoft, described digital trade rules and the agreement with the EU on data adequacy as "crucial" to Microsoft and, looking forward, "essential to [AI] services".[138] Several witnesses defined digital sovereignty as protecting the UK's data and security whilst staying open to trusted partners.[139] These concerns are sharpened by diverging policy on digital services taxes (DSTs).

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134 Letter from Minister for Trade regarding the Committee's evidence session on 9 March 2026, 8 May 2026

135 Letter from Minister for Trade regarding the Committee's evidence session on 9 March 2026, 8 May 2026

136 BritishAmerican Business (UST0022)

137 CCIA (UST0030)

138 Oral evidence taken on 10 February 2026 Q320 [Hugh Milward]; The EU's data adequacy decisions for the UK were formally renewed in December 2025, ensuring that personal data can continue to flow freely between the UK and EU without the need for additional safeguards. The Commission concluded that the level of data protection offered by the UK remains 'essentially equivalent' to EU standards—a critical finding that preserves continuity for EU–UK data flows.

139 Competere Foundation (UST0033) recommended that "Sovereignty should mean the capacity to govern trusted data flows, protect sensitive public and national-security data, ensure system resilience, and maintain regulatory accountability. It should not mean default data localization or unnecessary restrictions on outsourcing, cloud use, or cross-border processing by trusted partners." The US Chamber of Commerce (UST0028) stated that "digital sovereignty should be defined not by isolation but by the ability to securely leverage trusted international partnerships, with open data flows forming a core pillar of US-UK competitiveness." UK Finance (UST0025) told us "members believe firms should manage risks related to concentration and resilience, including the use of cloud, data and other critical technologies risks, through their own governance, risk management and control frameworks under existing regulatory requirements, some of which are still bedding in."

Some countries, including Canada, India, and Pakistan have scrapped such taxes, leaving the UK with "potentially the largest DST in the world by revenue".[140] Although the UK Government has said that the DST has "not actually been a major feature of our discussions" with the US, in April 2026 President Trump threatened to impose additional tariffs on UK goods if the DST was not removed.[141] Furthermore, on 26 June 2026, Trump warned that he would impose a 100 per cent tariff on imports from European countries that introduce a digital services tax on American companies, stating that such levies would supersede any existing trade deals between the US and those countries. It is unclear how this latest threat interacts with the existing UK DST.[142]

Technology Prosperity Deal: Sectoral Impacts

57. The civil nuclear pillar is the TPD's clearest delivery success. It is the only element to have been reopened following the suspension of the TPD. It is also the area where the British Chambers of Commerce confirmed efforts "have been delivered at the expected pace".[143] Loren Jones, Senior Vice-President at Amentum, described the value of the TPD as "being in commercial partnerships" and that partnerships between US and UK firms in nuclear have formed has a result of the TPD.[144] He felt the TPD gave Amentum "the confidence to make concrete commitments of 3,000 new jobs" but attributed progress to "a mixture" of the TPD and domestic policy decisions. These included the Sizewell C final investment decision, the selection of the Rolls-Royce SMR technology, and the Fingleton review of nuclear regulation.[145] Moving forward, Loren Jones called for harmonised regulatory and design assessment in nuclear as "we cannot continue to have a British variant reactor of what is a global technology".[146]

58. In quantum, by contrast, the suspension of the TPD has had direct consequences. Jonathan Legh-Smith, Executive Director of UKQuantum, told the Committee the TPD "was, in fact, a list of actions" that recognised the importance of quantum on the global stage. Mr Legh-Smith said the TPD "gave a mandate" to address benchmarking and standards, issues which

140 Computer and Communications Industry Association (CCIA) recommended the UK could address these concerns in a win-win fashion by committing not to implement its competition regime in a way that unreasonably or unjustifiably restricts US commerce CCIA (UST0030)

141 Q382,SMMT (UST0041), Trump threatens 'big tariff' if UK does not drop digital services tax on US tech firms, Sky News, 24 April 2026

142 The Financial Times, Donald Trump warns of 100% tariff on countries implementing digital services tax, 26 June 2026

143 British Chambers of Commerce (UST0036)

144 Oral evidence taken on 10 February 2026 Q297 [Loren Jones]

145 Oral evidence taken on 10 February 2026 Q293, Q303, Q308 [Loren Jones]

146 Oral evidence taken on 10 February 2026 Q308 [Loren Jones]

are "both critical to the industry and a real opportunity for the UK and the US to lead."[147] However, he told us that this work, conducted between UK's National Physical Laboratory (NPL) and the US National Institute of Standards and Technology (NIST), is difficult to progress because "people are instructed not to engage".[148] Industry-to-industry collaboration has nevertheless continued, with proposals ready "as soon as we have the green light". Mr Legh-Smith suggested that if the TPD is not imminently resumed, "we need to get on to the next plan", with an opportunity for the UK Government to take forward elements unilaterally.[149]

59. One of the TPD's most important commitments was "pro-innovation AI policy frameworks". Multiple witnesses assessed the UK's current regulatory position in AI positively: Microsoft saw the UK as sitting "between the US and the EU", and told the Committee that "pausing a little rather than running headlong into AI regulation has served the UK extremely well."[150] Other submissions raised concern about the implications of the TPD's AI governance commitments. The Lloyd's Market Association, which represents insurance and reinsurance firms operating at Lloyd's of London, stated that existing regulatory frameworks are broad enough to accommodate AI without new legislation, and any agreement with the US "should be mindful of maintaining this position, but also of maintaining access to other key markets such as the EU and Australia."[151] The Trade Justice Movement warned that the AI commitment was a "heavy nod" towards deregulation.[152]

60. **CONCLUSION**
The TPD is a framework for deepening bilateral cooperation in strategic technologies. It played a useful role in signalling political commitment, but it was suspended before it could produce substantive outcomes.

Technology Prosperity Deal: Investment commitments

61. President Trump's State Visit also produced £150 billion in corporate investment commitments, of which the Government estimates £31 billion related directly to technology FDI.[153] The majority of the headline total was attributable to a single investor, Blackstone, which announced a £100 billion

147 Oral evidence taken on 10 February 2026 Q316 [Jonathan Legh-Smith]
148 Oral evidence taken on 10 February 2026 Q327 [Jonathan Legh-Smith]
149 Oral evidence taken on 10 February 2026 Q328 [[Jonathan Legh-Smith]
150 Oral evidence taken on 10 February 2026 Q334 [Hugh Milward];
151 Lloyds Market Association (UST0011)
152 Trade Justice Movement (UKT0007)
153 Department for Business and Trade, Record-breaking £150bn investment unveiled during US State Visit, gov.uk, 17 September 2025

long-term investment programme over ten years.[154] A further concentration of commitments came from large US technology firms, particularly in AI and data infrastructure. The Minister for Trade confirmed that the Government's Office for Investment is tracking these investments.[155]

62. In addition, the Government also announced a Northeast AI Growth Zone, intended to create a supportive policy environment for data centres with two anchor sites: Blyth in Northumberland and Cobalt Park in North Tyneside.[156] Blackstone committed £10 billion into the Blyth site.[157] Cobalt Park in North Tyneside was intended to be anchored by Stargate UK - a joint venture between OpenAI, Nvidia, and Nscale - to deliver new sovereign AI infrastructure in the UK.[158] However, in April 2026, OpenAI suspended the Stargate UK project, citing high energy costs and regulatory uncertainty as barriers to long-term infrastructure investment.[159]

63. During our inquiry, the Committee heard that these investment decisions were driven primarily by factors independent of the TPD. Andrew Dowler, Senior Managing Director at Blackstone - whose commitments include what is likely to be the biggest data centre in Europe - stated directly that "it is correlation, not causation". He acknowledged that the agreements were "clearly very helpful to our confidence in making those commitments", but he was clear that the commitments were not the result of the UK-US deals.[160] Blackstone described the UK as its biggest investment zone outside the US because of "a Government that has committed to investment-led growth", "the rule of law", "the luck of time zones", and "deep capital markets."[161] Given these strong fundamentals, the TPD's suspension had not changed plans for data centres:

> while there are clearly big policy issues about technology deals between the UK and the US, the underlying market is growing so strongly that, if anything, our confidence is as strong as it has ever been.[162]

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154 Department for Business and Trade, Record-breaking £150bn investment unveiled during US State Visit, gov.uk, 17 September 2025

155 Oral evidence taken on 9 March 2026 Q390 [Sir Chris Bryant]

156 Department for Science, Innovation and Technology, North East England set for billions in investment and thousands of jobs as UK and US ink tech partnership, gov.uk, 16 September 2025

157 Department for Science, Innovation and Technology, North East England set for billions in investment and thousands of jobs as UK and US ink tech partnership,gov.uk , 16 September 2025

158 Stargate UK was also expected be based across a number of sites in the UK. Department for Science, Innovation and Technology, North East England set for billions in investment and thousands of jobs as UK and US ink tech partnership,, gov.uk, 16 September 2025

159 The Financial Times, OpenAI halts Stargate UK data centre project, 9 April 2026

160 Oral evidence taken on 10 February 2026 Q284 [Andrew Dowler]

161 Oral evidence taken on 10 February 2026 Q284 [Andrew Dowler]

162 Oral evidence taken on 10 February 2026 Q294 [Andrew Dowler]

64. Major technology firms said the same. Microsoft confirmed that its investment "continues irrespective of the technology prosperity deal", and CoreWeave that its commitment was made and would continue.[163] Where witnesses did credit the TPD, they did so in qualified terms: Hugh Milward, Senior Director at Microsoft, said it was "helpful in focusing our attention" but that "there are other aspects of Britain's investment climate that are perhaps more effective in unlocking more investment".[164]

65. However, clear messages also emerged about the UK fundamentals that need improvement: energy costs, energy grid access and planning permission. We heard the following in evidence:

- Paul Weston, Region Head at Prologis UK, told us that near Heathrow the earliest power connection available is 2029, "and that is quick".[165]
- Andrew Dowler of Blackstone acknowledged progress through the five AI growth zones, in which Government will encourage National Grid to ensure power "in a reasonable period of time". Mr Dowler said that this knowledge "gives us confidence, sitting in New York, to invest in the UK".[166]
- On planning, we heard that "while Government at senior level have been supportive of growth", enablement at the local level is slower, as local plan processes can take three years "before a spade is put in the ground".[167] For example, Prologis told us that its Cambridge project must navigate a local government reorganisation, a new growth company and a new mayoralty, with "big challenges around public transport and utilities".[168]

66. In summary, Andrew Dowler of Blackstone agreed that getting the investment conditions right (grid access, energy costs, planning, and governance simplicity) is the priority. He added that Government should not "be shy of asking capital to invest in the UK", since investors have capital ready to deploy but need to be approached with specific, term-sheet-ready opportunities.[169] Paul Weston of Prologis agreed that it is "about getting the policy right", while also praising the Office for Investment for their efforts at the national level.[170]

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163 Oral evidence taken on 10 February 2026 Q327 [Hugh Milward] [Ben Richardson]
164 Oral evidence taken on 10 February 2026 Q311–313 [Hugh Milward] [Ben Richardson]
165 Oral evidence taken on 10 February 2026 Q294 [Paul Weston]
166 Oral evidence taken on 10 February 2026 Q294 [Andrew Dowler]
167 Oral evidence taken on 10 February 2026 Q295 [Paul Weston]
168 Oral evidence taken on 10 February 2026 Q294 [Paul Weston]
169 Oral evidence taken on 10 February 2026 Q304 [Andrew Dowler]
170 Oral evidence taken on 10 February 2026 Q305 [Paul Weston]

67. **CONCLUSION**
The investments announced during the State Visit were correlated to the Technology Prosperity Deal, not caused by it. Investors were clear that their decisions rested on the UK's fundamentals: strong underlying demand for AI infrastructure, the UK's strong rule of law tradition, and deep capital markets.

68. **RECOMMENDATION**
To improve investment into the UK, the Government should focus on the factor conditions rather than government-to-government deals. These are competitive energy costs, faster grid connections, expeditious planning processes, and governance simplicity for investors. We reiterate the recommendations in our recent report on Investing in the UK economy.

69. **RECOMMENDATION**
The Government must preserve the UK's freedom to regulate AI, digital services taxes, and online safety in the national interest. The UK should not trade away these regulatory freedoms in pursuit of resuming the TPD.

5 Arrangement on Pharmaceutical Pricing

70. In May 2025, the President issued an Executive Order which sought to establish 'most-favoured-nation' (MFN) drug pricing in the US. This would see US drug prices set at a level either equal to or less than the lowest price of the same drug in other countries.[171] In July 2025, President Trump wrote to 17 major pharmaceutical companies, including AstraZeneca and GSK, with 60 days' notice to implement this new pricing, warning that "if you refuse to step up, we will deploy every tool in our arsenal".[172] Under this pressure, all 17 companies signed voluntary "MFN and Tariff Agreements", committing to align US prices with the lowest charged in other developed countries, and pledging billions of dollars in US investments, in exchange for tariff relief.[173]

71. In April 2026, the United States announced potential tariffs of up to 100% on all patented pharmaceuticals imports, citing national security concerns over US dependence on foreign production.[174] This did not apply to the UK, which had already agreed a non-binding understanding with the US, moving forward known as the Pharmaceutical Arrangement, which made commitments on NHS spending and supply chain resilience.[175] Table 8 outlines the key commitments from each side.

171 Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients, Proclamation, 12 May 2025

172 Reuters, Global pharma companies that have publicly announced Trump drug pricing agreements, 2 April 2026

173 Reuters, Global pharma companies that have publicly announced Trump drug pricing agreements, 2 April 2026

174 Tariffs take effect on 31 July 2026 for large companies identified in Annex III of the Proclamation, and 29 September 2026 for all others; generic pharmaceuticals are excluded. Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients into the United States, Proclamation, 2 April 2026

175 Department for Science, Innovation & Technology, Arrangement between the United States of America and the United Kingdom on pharmaceutical pricing, 2 April 2026

Table 8: Commitments within Arrangement on Pharmaceutical Pricing

Party	Area	Commitment
United States	Tariffs	10% tariff, lowering to zero tariffs on UK pharmaceutical and medical technology exports, 1 January 2026 to 19 January 2029, "provided that all major United Kingdom pharmaceutical companies enter into, and adhere to the terms of, the MFN and Tariff Agreements."[176]
	MFN Pricing	Where the UK price for a new medicine is the lowest in the reference basket, "the Medicaid MFN price will not anchor on this lowest price."[177]

176 Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients into the United States, Proclamation, 2 April 2026

177 The Medicaid MFN price is the benchmark price the US would pay for medicines under its MFN policy. The US has committed that where the UK price is the lowest in the reference basket, it will not use the UK price to set that benchmark, protecting the commercial incentive for companies to launch new medicines in the UK.

Party	Area	Commitment
United Kingdom	NHS Spending: Medicines	Increase NHS budget spent on all medicines from "10% to 12% by 2036."
	NHS Spending: New Medicines	Double NHS spending on new medicines as a share of GDP, "from 0.3 percent in 2026 to 0.6 percent by 2036."[178]
	Price of medicines	Increasing the net price paid by the NHS for prospective New Medicines "by 25 percent beginning in April 2026", including raising NICE thresholds.[179]
	Commercial Environment for Pharmaceutical Companies	The total effective rebate owed by companies will not exceed 16.0 percent while the current Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) remains in force, and this will not be undermined through other measures.[180]
		Update the Statutory Scheme to ensure broad commercial equivalence with the VPAG with respect to the repayment rate owed by companies.[181]
		Establish an industry-government working group to consult on the design of a new scheme to replace the VPAG.

178 There is an unresolved dispute over the baseline for the 0.6% GDP commitment: the Government places current spending at 0.31% of GDP; the ABPI calculates it at 0.27%. BMS told the Committee that "the methodology adopted will determine whether the target represents a step-change in patient access or an accounting approach." The difference is significant: at current GDP levels, 0.04 per cent equates to an estimated $1.74 billion, rising to $2.41 billion by 2036. ABPI (UST0015), Bristol Myers Squibb (UST0035),

179 The National Institute for Health and Care Excellence (NICE) assesses whether new medicines offer value for money, and therefore approved for use in the NHS, using a cost-effectiveness threshold. This threshold will increase from between £20,000 and £30,000 to between £25,000 and £35,000.

180 The VPAG (Voluntary Scheme for Branded Medicines Pricing, Access and Growth) is the agreement between the UK Government and the pharmaceutical industry that governs how much companies repay to the NHS when their revenues exceed a set cap. The repayment rate reached a peak of 22.9% in 2025. ABPI (UST0015)

181 Pharmaceutical companies that do not join the VPAG are subject to a statutory scheme, as set out in the Branded Health Service Medicines (Costs) Regulations 2018. The statutory scheme works in the same way as the VPAG, by capping spending on brand name medicines. There are no direct controls on the prices of generic medicines.

Party	Area	Commitment
Both	Economic Security and Trade Facilitation	Establish a Supply Chains Partnership, "reducing reliance on non-market economies for key starting materials." "Expeditiously negotiate" mutual recognition of medical device approvals.

72. As a result of this Pharmaceutical Arrangement, the UK secured protections for the estimated £4 billion of UK-originating medicines:[182]

a. The US tariff rate on UK pharmaceutical imports is set at 10%, compared with 15% for the EU, Japan, South Korea, and Switzerland, and up to 100% for other nations.[183][184]

b. The US also committed to all tariffs on UK pharmaceuticals exports reducing to 0% in future, "provided that all major United Kingdom pharmaceutical companies enter into, and adhere to the terms of, the MFN and Tariff Agreements".[185][186] The text does not define which UK companies fall into the scope of this condition, but two large UK pharmaceutical companies, AstraZeneca and GSK, made such agreements in 2025.[187]

c. The US promised that where the UK price for a new medicine is the lowest in the reference basket, the UK price will not set the US price. This was to avoid a situation where manufacturers were disincentivised from launching new medicines in the UK, because it would drive down the price they could charge in the US.[188] Bristol Myers Squibb described this commitment as "welcome" but "high-level, and operational detail is still required".[189]

182 ABPI (UST0015)

183 Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients into the United States, Proclamation, 2 April 2026

184 As discussed in our previous report, the EU agreed a deal with the US in August 2025. This agreement locks in US tariffs on EU imports, with exceptions, at 15 percent, including on pharmaceuticals.

185 Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients into the United States, Proclamation, 2 April 2026

186 MFN (Most Favoured Nation) agreements aim to make pharmaceutical companies reduce the cost of medicines in the US, where drug prices are typically higher than in other OECD countries. This is achieved by benchmarking medicine prices in the US against those in comparable high-income countries, where prices are typically lower.

187 Reuters, Global pharma companies that have publicly announced Trump drug pricing agreements, 2 April 2026

188 Department for Science, Innovation & Technology, Arrangement between the United States of America and the United Kingdom on pharmaceutical pricing, 2 April 2026

189 Bristol Myers Squibb (UST0035), ABPI (UST0015)

73. In return for tariff protection, the UK committed to a series of measures to increase NHS spending on medicines over time, increase the price paid by the NHS for new medicines, and improve the commercial environment for the life sciences sector. This commitments are described in more detail in Table 8.[190] The Government stated in correspondence with the Science, Innovation and Technology Committee that it is "committed to accelerating spend on innovative medicines over the next 10 years to bring it back to historical levels."[191] Chris Bryant, Minister for Trade, told us that the UK has "not been spending enough on drugs to enable the pharmaceutical sector to feel that it has a long-term future in the UK. So I think that this is a good deal".[192] However, the Association of the British Pharmaceutical Industry (ABPI) noted that a process had already been underway between the industry and the Government focused on "necessary reforms to the UK's commercial environment", with many of the commitments in the US-UK Arrangement "consistent with the discussions which were already underway".[193]

74. The pharmaceuticals sector has broadly welcomed the Arrangement.[194] We asked witnesses whether the price the UK paid for the Arrangement would drive up R&D investment. Richard Torbett, CEO of the ABPI, told us that this was "the goal", but that the deal needed to be delivered and conditions remained "volatile". He nonetheless judged the likelihood of increased investment "higher" now the agreement had been struck.[195] Eli Lilly called the deal a "fair, balanced and overdue correction" to a UK medicines environment that has, in their view, "for over a decade, generated … poorer patient outcomes than comparable European countries and a sustained decline in UK life sciences competitiveness". However, Eli Lilly cautioned that the test of success should be "uptake and outcomes, not spending alone".[196] Bristol Myers Squibb recommended the Government publish a cross-departmental implementation roadmap, and a forward-looking metrics framework to evaluate progress in close to real time.[197] Health economists from UK universities also raised this concern, noting

190 Department for Science, Innovation & Technology, Arrangement between the United States of America and the United Kingdom on pharmaceutical pricing, 2 April 2026

191 Correspondence from Minister of State for Science, Innovation, Research and Nuclear, re: UK-US life sciences deal, 30 January 2026

192 Oral evidence taken on 9 March 2026 Q392 [Chris Bryant MP, Minister of State for Trade]

193 ABPI (UST0015)

194 The ABPI (UST0015) described it as "fair and balanced" and described it as an "important first step to arrest persistent limitations to patients accessing the newest innovative medicines and address the most significant barriers to pharmaceutical industry investment into the UK." Bristol Myers Squibb (UST0035) also said that "if implemented in full, against the milestones and ambitions stated …its terms represent a fair and balanced agreement."

195 Oral evidence taken on 10 February 2026 Q273–275 [Dr Richard Torbett, CEO]

196 Eli Lily (UST0017)

197 Bristol Myers Squibb (UST0035)

that the UK Government's commitments were "frontloaded, measurable and enforceable", but that the actual benefits of the deal are subject to corporate behaviour. Notably, there is no requirement on companies to accelerate the UK launch of new medicines, expand R&D activity within the UK, or deliver specific patient-access outcomes as a condition of receiving higher prices.[198]

75. Severe concerns about the agreement have however been expressed from academics and civil society.[199] Health economists from UK universities told the Committee this deal "constitutes a shift away from evidence-based health prioritisation toward a model more closely aligned with industrial and trade policy objectives", in which "protecting commercial returns takes precedence over maximising population health outcomes".[200] They said there is "weak" evidence that raising prices and cost-effectiveness thresholds leads to meaningful improvements in access to medicines, while the fiscal and opportunity costs of doing so are "substantial and highly predictable".[201] The academics also pointed out that resources committed to paying more for medicines are resources no longer available for other NHS services, with the likely consequence of "avoidable morbidity and mortality, even when individual new medicines may benefit some patients".[202]

76. The total cost, and impact, of the UK's commitments is difficult to estimate.

a. In correspondence with the Chair of the Science, Innovation and Technology Committee, Lord Vallance shared Government analysis that commitments will "cost around £1 billion in England over the remaining three-years of the spending review".[203] The Government has nonetheless acknowledged that "the final costs of these changes

198 Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006)

199 Just Treatment (UST0027), Trade Justice Movement, Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006)

200 Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006)

201 Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006); Eli Lilly told us "on the latest data, only 37% of new medicines are fully available to NHS patients in England, compared with 75% in Germany; a further 28% are available only with restrictions on their licensed indication; and the median time from regulatory approval to access is 310 days, ranking England 8th in Europe."

202 Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006)

203 Correspondence from Minister of State for Science, Innovation, Research and Nuclear, re: UK-US life sciences deal, 30 January 2026. The Government's estimate covers only the immediate NICE changes and VPAG changes (rather than wider GDP commitments), excludes offsetting tax and investment returns, and assumes "the profile of spend associated with medicines expected to launch in future will follow the same average growth profile as has been observed historically."

will depend on future growth in spending on medicines". This in turn depends on factors including the medicines NICE approves as well as the NHS uptake of these products.[204]

b. Others have estimated the total cost may be much larger. Campaign group Just Treatment argued that "the cost is likely to run to tens of billions of pounds over the coming decade."[205] This is because UK commitments will have impacts beyond the three-year estimate provided by the Government.[206]

c. The Government has explained that the additional costs incurred by the Arrangement will be funded from existing NHS budgets in this Spending Review period and that future funding will be determined at the next Spending Review, but stated that "front-line services will remain protected".[207]

Pharmaceutical Deal: Investment commitments

77. In 2025, it was reported that the pharmaceutical industry had withdrawn or paused a series of major UK investment commitments worth around £1.8 billion: MSD scrapped a £1 billion London research centre, AstraZeneca paused £200 million of research facilities in Cambridge and a £450 million vaccine manufacturing plant in Liverpool, and Eli Lilly parked a planned London laboratory.[208] In late September 2025, AstraZeneca announced it would list its shares directly on the New York Stock Exchange, putting its US shares on an even footing with its London-listed stock, to "reach a broader mix of global investors".[209] Prior to the arrangement, ABPI surveyed 42

204 Correspondence from Minister of State for Science, Innovation, Research and Nuclear, re: UK-US life sciences deal, 30 January 2026

205 Just Treatment (UST0027). Using forecasts of future GDP from the Office for Budget Responsibility (OBR), and assuming spending on new medicines would otherwise remain at 0.3% of GDP, the House of Commons Library used the GDP commitments to estimate that the UK would require an additional £1.7 billion of spending by the end of 2028 and around £14 billion by 2036. In December 2025, the Financial Times reported that the Institute for Fiscal Studies (IFS) think tank had made similar estimates, suggesting additional costs of around £1.5 billion by 2028 (around £1.7 billion in 2028/29 prices) and £9.1 billion in 2035. Professor Karl Claxton, health economist at the University of York, estimated the cost as £2.3 billion annually by 2029.

206 Just Treatment (UST0027)

207 NHS: Drugs, UIN 118066, 11 March 2026, Correspondence from Minister of State for Science, Innovation, Research and Nuclear, re: UK-US life sciences deal, 30 January 2026

208 The Guardian, Big pharma firms have paused nearly £2bn in UK investments this year, 16 September 2025

209 The Guardian, AstraZeneca to upgrade US listing in 'knock-back for London' 29 September 2025

pharmaceutical companies and found that 91 per cent of respondents cited the UK Government's voluntary pricing scheme and the NICE threshold as the key issues affecting UK investment.[210]

78. In April 2026, following the Arrangement, it was reported that companies have invested approximately £1.4 billion in UK life sciences: including AstraZeneca reversing its investment pause and committing £300 million to UK operations, £370 million by Bristol Myers Squibb, £500 million by UCB Pharma and £150 million by Boehringer Ingelheim for an AI centre in Kings Cross.[211] Bristol Myers Squibb told us that "the Arrangement underpins our commitment of more than $500 million in UK investment over the next five years and strengthens the commercial case the UK can make against comparator markets".[212] However, campaign group Just Treatment cautioned against reading industry commitments as vindication of the Arrangement, characterising the deal as the product of the US government and industry "coordinating closely to influence the UK's decision making".[213] It also pointed to the risk of further demands for reforms.[214][215]

79. Evidence suggests that the announcement of the deal itself may not be enough to address the challenges to pharmaceutical investment. Eli Lilly described the Arrangement as "a credible first step", but noted that "Lilly will revisit its UK investment plans as the environment improves", a formulation that falls short of a firm commitment.[216] Bristol Myers Squibb also stated the value of the Pharmaceutical Arrangement depends "almost entirely on consistent and timely departmental follow-through", and identified specific challenges for improvement.[217] The ABPI acknowledged that "confidence is fragile" and therefore called for "credible implementation of the commitments."[218]

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210 ABPI (UST0015); ABPI, Medicines Impacts and Investment Survey (MIIS) report - A year of uncertainty: UK life sciences investment and medicine launches in 2025, 26 January 2026

211 The Guardian, AstraZeneca makes surprise U-turn with £300m pharma investment in UK, 29 April 2026

212 Bristol Myers Squibb (UST0035),

213 Just Treatment (UST0027)

214 Health economists noted the agreement "further institutionalises [higher prices] by establishing an industry–government working group tasked with designing future pharmaceutical pricing arrangements." Professor Martin McKee CBE, Dr Els Torreele, Professor Karl Claxton and Professor Mark Sculpher (UST0006)

215 Just Treatment (UST0027)

216 Eli Lilly (UST0017)

217 Bristol Myers Squibb identified the following clarifications required of the Deal: further clarification of the rebate rate of the statutory scheme, further details on the US MFN models so the UK is not disadvantaged, and clarification of the methodology to estimate the percentage of GDP spending on medicines. Bristol Myers Squibb (UST0035),

218 ABPI (UST0015)

80. **CONCLUSION**
The Pharmaceutical Arrangement was a necessary response to an acute tariff threat to £4 billion of UK exports. However, the cost to the NHS is material, contested, and opaque. Whether increased NHS spending translates into increased UK R&D investment, remains the critical unresolved question.

81. **RECOMMENDATION**
The Government should publish a roadmap for the Pharmaceutical Arrangement and evaluate outcomes of this agreement against metrics in real time. Further spending should be dependent upon evidence of increased access to medicines, improved health outcomes and greater R&D investment in the UK.

82. **RECOMMENDATION**
If the Government cannot publish the Impact Assessment for the Pharmaceutical Arrangement, it should publish its evidence that accelerating spend on innovative medicines will increase investment in the UK.

Annex 1: Sectoral tariff reductions

1. Some progress has been made in sector specific negotiations. This Annex sets out a summary of the evidence we received by sector, in alphabetical order.

Aerospace

2. UK civil aerospace products have been exempt from tariffs, returning to a 0% duty, since 30 June 2025 under the WTO Agreement on Trade in Civil Aircraft. The Government notes that the UK was the first country to achieve this outcome, for a sector supporting around 220,000 British jobs.[219] ADS described the EPD as "key for the UK aerospace sector" in securing this commitment.[220] As a result, ADS Group told us, the aerospace, defence, space and security sectors" have been less damaged by the impact of US tariffs and more damaged by wider global uncertainty".[221]

Agriculture

3. UK agri-food exports to the US fell by 4.1% in 2025 compared with 2024. The National Farmers Union (NFU) noted sharper declines in individual product categories including malt (down 20.4%) and edible offal (down 56.3%). In the first two months of 2026, agri-food export volumes fell a further 19.1% year-on-year.[222] The NFU attributed this to the continued application of the 10% tariff on most exports, highlighting that the EPD had therefore "not materially reduced the core pressures on the sector".[223]

219 Department for Business and Trade (UST0042)
220 ADS Group (UST0031) said "Defence goods are not generally subject to tariffs because to win a US contract, companies usually have to ensure that a considerable proportion of the production takes place in the US, for 'security of supply' reasons, thus mitigating the impact."
221 ADS Group (UST0031)
222 NFU (UST0021)
223 NFU (UST0021)

4. The UK removed its 20% tariff on US beef imports within a 13,000 metric ton quota on 30 June 2025, and the corresponding duty-free US quota for UK beef exporters came into force on 31 December 2025.[224] On 2 March 2026, the first shipment of British beef arrived in the US.[225] The NFU described this as a "significant achievement". They noted that frozen beef exports were stronger in the first two months of 2026, up 132.1%, which they described as "consistent with the new beef access creating some opportunity".[226] However, Quality Meat Scotland (QMS) highlighted that the practical benefit for Scotland's red meat sector remains conditional, as non-tariff barriers remain the principal practical constraint.[227] Both QMS and the NFU called on the Government to publish clear guidance and monitor quota utilisation to assess whether the allocation is translating into sustained trade growth.[228]

5. The UK has also introduced its duty-free quota of 1.4 billion litres of US ethanol, which came into force on 30 June 2025. In August 2025, the Vivergo bioethanol plant near Hull closed. This was described by the NFU as a "real and immediate consequence" of the EPD. The NFU warned that the concession had imperilled a major domestic industry to dire consequences, with immediate knock-on consequences for other supply chains such as domestic wheat demand and the supply of high-protein animal feed.[229]

6. In March 2026, the Government committed £100 million to support Ensus in Redcar, the UK's remaining domestic bioethanol producer, to secure the continued domestic supply of commercial CO_2 following disruption caused by conflict in Iran.[230] The Committee previously highlighted the risk to CO_2 supply chains, and recommended protecting domestic production capacity and associated supply chains while medium-term supply side

224 Department for Business and Trade, Update on UK-US Economic Prosperity Deal, (accessed 30 June 2025);
Rural Payments Agency, Notice to Traders 56/25 - USA Beef Preferential Tariff Quota gov.uk; Federal Register Doc 2025–24120, USTR Notice, 31 December 2025 Modification of the Allocation of WTO TRQ Volumes for Beef Effective: 1 January 2026

225 Department for Business and Trade, UK beef hits US shelves for the first time – cutting costs for UK businesses, gov.uk, 2 March 2026

226 NFU (UST0021)

227 In particular, plant approval, supply chain segregation and compliance costs continuing to limit access for businesses not already approved for the US market; no Scottish sites were approved for US exports at the time of writing. Quality Meat Scotland (UST0009)

228 Quality Meat Scotland (UST0009); NFU (UST0021),

229 Associated British Foods, ABF announces closure of Vivergo, its UK bioethanol plant, 15 August 2025

230 Farmers Weekly, Ensus bioethanol plant to reopen with £100m funding deal, 26 March 2026

policies take effect.[231] The NFU emphasised that "effective whole-of-government coordination" should mean fully understanding consequences for interconnected supply chains before making concessions.[232]

Automotive

7. Exports of cars to the US have fallen since the introduction of tariffs, exporting just over 83,000 units in 2025, a decline of 18% compared to 2024 volumes.[233] The Economic Prosperity Deal reduced the US tariff on UK vehicles from 27.5% to 10% for the first 100,000 vehicles exported annually, implemented by Executive Order on 30 June 2025.[234] This provided significant cost savings to the UK industry worth £1.9 billion per year, and prevented a severe market collapse, although it did not restore trade terms to pre-2025 levels.[235]

8. Overall, the Society of Motor Manufacturers and Traders (SMMT) assessed the outcome as "imperfect" but "likely the best that was available". They also noted that the EPD still remains the only deal with the US Administration that offers a 10% tariff (subject to a quota) for automotive goods."[236] In addition, they described the outcome as a "relatively quick and necessary resolution of the most immediate and grave issues facing the sector" that left the door open for potential improvements at a later stage.[237]

9. The Committee previously recommended that the Government look to expand the car quota over time.[238] The current quota places an upper limit on growth potential in line with existing levels of historic exports, at the same time as the UK seeks to increase production to 1.3 million vehicles

231 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC 1306, paras 97–99
232 NFU (UST0021)
233 Make UK (UST0039), SMMT (UST0041)
234 This is administered quarterly at 25,000 vehicles per quarter. U.S. Customs and Border Protection, Quota Bulletin 26–508 2026 United Kingdom Automobile Quarter 1 and Quarter 2 Tariff Rate Quota
235 SMMT (UST0041)
236 Similarly, in our previous inquiry, Murray Paul, Public Affairs Director, Jaguar Land Rover described the General Terms of the Economic Prosperity Deal as "the very best deal that the UK could have hoped for under the circumstances"
237 SMMT (UST0041)
238 Business and Trade Committee, Tenth Report of Session 2024–26, US Economic Prosperity Deal, HC 1306, para 62

annually by 2035 under the Modern Industrial Strategy.[239] According to US Customs and Border Protection data, UK exporters used 54% of the available quota during the initial quota period in 2025.[240] SMMT noted that:

> while tariffs and volatility have certainly impacted exports, the TRQ implementation at the end of June 2025 was one of several drivers of the decline, which was additionally driven by production stoppages following a serious cybersecurity incident to the UK's largest exporter.[241]

10. Since the start of 2026, the TRQ has been allocated on a quarterly basis, with quarterly allocations of 25,000 units.[242][243] Between January and March 2026, more than 22,700 units benefited from reduced tariffs, with a utilisation rate of almost 91%.[244] SMMT noted concerns about exhaustion of the quota, compounded by a lack of visibility of quota utilisation during the partial US government shutdown.[245]

11. The SMMT also highlighted several further gaps in automotive support under the Economic Prosperity Deal:

- First, the quota's first-come, first-served approach "creates inevitable uncertainty", as exporters cannot know what tariffs will apply at the time of arrival.[246] The Government has indicated that a licensing system would be its preferred alternative, but this could take up to a year to implement and may require secondary legislation.[247]
- Secondly, the SMMT raised concerns about the lack of a UK regulatory framework for quotas on manufactured goods, as TRQs have typically and historically been handled by the Department for Environment, Food and Rural Affairs. The SMMT said this "urgently requires new capabilities" within DBT, with quotas becoming "an increasing feature of UK trade deals".[248]

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239 SMMT (UST0041)
240 U.S Customs and Border Protection, 2025 Year-End Commodity Status Report, 20 January 2026
241 SMMT (UST0041)
242 In 2025, the quota was pro-rated to 65,205 vehicles for the period 30 June to 31 December 2025. UK exporters sent 35,156 vehicles during that period. US Customs and Border Protection, 2025 Year-End Commodity Status Report, 20 January 2026
243 The remainder of the first quota volumes should be added to the third-quarter quota. Likewise, potential unused volumes at the end of June will be added to the fourth quarter quota. However, once again, no carry over of unused volumes is possible from one year to another. SMMT (UST0041)
244 SMMT (UST0041)
245 SMMT (UST0041)
246 SMMT (UST0041)
247 SMMT (UST0041)
248 SMMT (UST0041)

- Third, coverage gaps persist in the tariff relief. Since 1 November 2025, medium and heavy-duty vehicles (MHDVs) and their parts, as well as buses, will face a 25% Section 232 tariff (shown in Table 2),

12. The SMMT called on the Government to use the EPD as a stepping stone, recommending:

- incremental increases to quota limits through annual review;
- alignment of out-of-quota tariffs with the flat rates agreed with the EU and Japan;
- exploring alternatives to a first-come first serve TRQ model;
- carry-over of unused volumes between years; and
- a flat 10% rate for UK-made MHDVs and their parts and 5% for UK-made buses.

Lumber and Timber

13. The UK has secured preferential access to the US market for lumber, timber and their derivatives, benefiting from a tariff rate of 10%. In 2024, the US imported around £25m of UK lumber goods now covered by the preferential tariffs. The wood and wood product manufacturing sector directly supported 70,000 jobs in 2024.[249]

Whisky

14. On 30 April 2026, the Section 122 tariff on Scotch whisky was removed following the King's State Visit to Washington. USTR Jamieson Greer confirmed this advance was part of the on-going implementation of the EPD.[250] The change benefits all whisky produced in the UK, including Irish whiskey exported from Northern Ireland.[251] The Scotch Whisky Association (SWA) described the tariff removal as "a major and very welcome development", noting that since a 10% tariff was introduced in April 2025, exports to the US had fallen by around 15% in volume and 7% in value. This represented estimated losses of £150 million, alongside a 24% reduction in imports of used Bourbon casks essential to production.[252]

249 Department for Business and Trade (UST0042)

250 Office of the United States Trade Representative, Ambassador Greer Issues Statement on Preferential Duty Access for Whiskey Produced in the United Kingdom, 30 April 2026

251 Office of the United States Trade Representative, Ambassador Greer Issues Statement on Preferential Duty Access for Whiskey Produced in the United Kingdom, 30 April 2026; BBC News, Trump tariff cut lifts NI whiskey distillers' spirits, 1 May 2026

252 Scotch Whisky Association (UST0024); Chivas Brothers Pernod Ricard (UST0032)

15. Both the SWA and the Wine and Spirit Trade Association (WSTA) called for a full return to zero-for-zero tariffs across all UK spirits. Pernod Ricard called for tariffs on gin in particular to be removed, as the second largest UK spirits export to the US at over £200 million in 2025.[253] The WSTA warned that the baseline 10% tariff has led to US consumers turning to cheaper non-UK substitutes, and has left SMEs in the wine and spirit sector particularly vulnerable to tariff uncertainty and volatility.[254] The WSTA called on the Government to improve domestic conditions for exporters through regulatory reform, establishment of the UK's Supply Chain Centre, and increased trade promotion facilities.[255]

253 Wine and Spirit Trade Association (UST0018); Scotch Whisky Association (UST0024), Chivas Brothers Pernod Ricard (UST0032)
254 Wine and Spirit Trade Association (UST0018)
255 Wine and Spirit Trade Association (UST0018)

Conclusions and Recommendations

State of US Tariffs

1. US tariffs are now a structural feature of the trading environment and will persist. In our conversations with allies around the world, few expect tariffs to return to their prior levels after the next US Presidential election. The UK's effective tariff rate is among the lowest in the G7, but this is only a comparative advantage in a worse environment. UK firms continue to report ongoing costs and frictions in navigating the US's evolving regime and UK goods exports to the US have declined in tariff-exposed categories. The complexity of the regime falls disproportionately on smaller firms least able to absorb its impacts and complexities. (Conclusion, Paragraph 23)

2. The UK Government has responded to US tariff policy as fast as a volatile environment allows, and has brought welcome stability to some trade terms. However, the agreements remain frameworks with language open to divergent interpretation, and their durability subject to US foreign policy considerations. UK Government guidance has not kept pace with American policy volatility and now UK firms are struggling to lay hands on the information they need, when needed. (Conclusion, Paragraph 24)

3. The Government should publish one consolidated, regularly updated "business-facing" guidance source for the EPD, the Technology Prosperity Deal and the Pharmaceutical Arrangement. This guidance should distinguish between the tariff and customs requirements currently in force and what remains under negotiation and should set out the exact steps businesses must take to comply with the rules. (Recommendation, Paragraph 25)

4. The urgency of the Government's responsible business conduct review has been underlined by the new US tariffs connected with forced labour. We reiterate our previous recommendation that the Government introduce mandatory human rights due diligence legislation and an import ban on goods produced with forced labour, building on the foundations of the Modern Slavery Act 2015. (Recommendation, Paragraph 26)

5. The Government should report to the Committee on the outcome of the DBT responsible business conduct review in response to this Report. (Recommendation, Paragraph 27)

6. By implementing UK-US trade commitments through non-binding agreements and secondary legislation, the UK Government is conducting trade policy in a way that limits opportunities for parliamentary scrutiny. The Secretary of State suggested that Members would have the chance to scrutinise the EPD when presented to the House, but no date for this has been set. Furthermore, the use of secondary legislation has been rushed and lacked transparency. (Conclusion, Paragraph 31)

7. The Government should honour its commitments to the House and ensure the EPD and the recent UK-US agreements are presented properly to the House for scrutiny. If it cannot do this, the Government should explain how parliamentary scrutiny will be assured for each agreement as implementation proceeds through secondary legislation. (Recommendation, Paragraph 32)

8. The Government should publish impact assessments for the US agreements already concluded, including the Pharmaceutical Arrangement, without further delay. It should further ensure that all future economic agreements with the US are accompanied by a timely impact assessment. (Recommendation, Paragraph 33)

Implementing the Economic Prosperity Deal

9. One year on, the Economic Prosperity Deal has delivered mixed results. Sector specific tariff mitigations in aerospace, automotive, beef, lumber and timber, pharmaceuticals and whisky show that negotiated outcomes are achievable even in a challenging US trade policy environment. However, progress on three cross cutting issues - non-tariff barriers, digital trade, and economic security - remain aspirational. As a non-binding framework, the Deal has also not delivered durable protection against shape-shifting future US tariffs. (Conclusion, Paragraph 50)

10. The Government should build on the existing achievements in the EPD and pursue four priorities:

    - cut the baseline tariff, using our recommended forced-labour legislation as grounds to argue the UK's rate down;

    - secure, as a minimum, an operational most favoured nation rate steel quota, including derivative products, that is stable, transparent, and commercially usable;

- prioritise further work where the UK and US have common interests in economic security, mutual recognition agreements, and digital trade facilitation (such as paperless and pre-arrival processing), while protecting the UK's regulatory freedom; and
- improve predictability by converting opaque non-binding commitments into operational arrangements with published progress and UK policy objectives.

Where the Government cannot yet set out clear operational arrangements for UK-US trade, it should set out in response to this Report what is preventing it, and when this will change. (Recommendation, Paragraph 51)

Technology Prosperity Deal

11. The TPD is a framework for deepening bilateral cooperation in strategic technologies. It played a useful role in signalling political commitment, but it was suspended before it could produce substantive outcomes. (Conclusion, Paragraph 60)

12. The investments announced during the State Visit were correlated to the Technology Prosperity Deal, not caused by it. Investors were clear that their decisions rested on the UK's fundamentals: strong underlying demand for AI infrastructure, the UK's strong rule of law tradition, and deep capital markets. (Conclusion, Paragraph 67)

13. To improve investment into the UK, the Government should focus on the factor conditions rather than government-to-government deals. These are competitive energy costs, faster grid connections, expeditious planning processes, and governance simplicity for investors. We reiterate the recommendations in our recent report on Investing in the UK economy. (Recommendation, Paragraph 68)

14. The Government must preserve the UK's freedom to regulate AI, digital services taxes, and online safety in the national interest. The UK should not trade away these regulatory freedoms in pursuit of resuming the TPD. (Recommendation, Paragraph 69)

Arrangement on Pharmaceutical Pricing

15. The Pharmaceutical Arrangement was a necessary response to an acute tariff threat to £4 billion of UK exports. However, the cost to the NHS is material, contested, and opaque. Whether increased NHS spending translates into increased UK R&D investment, remains the critical unresolved question. (Conclusion, Paragraph 80)

16. The Government should publish a roadmap for the Pharmaceutical Arrangement and evaluate outcomes of this agreement against metrics in real time. Further spending should be dependent upon evidence of increased access to medicines, improved health outcomes and greater R&D investment in the UK. (Recommendation, Paragraph 81)

17. If the Government cannot publish the Impact Assessment for the Pharmaceutical Arrangement, it should publish its evidence that accelerating spend on innovative medicines will increase investment in the UK. (Recommendation, Paragraph 82)

Formal minutes

Tuesday 30 June 2026

Members present:

Liam Byrne, in the Chair

Antonia Bance

Chris Bloore

John Cooper

Sarah Edwards

Leigh Ingham

Justin Madders

Charlie Maynard

Mr Joshua Reynolds

The UK-US economic relationship: 250 years on

Draft Report (*The UK-US economic relationship: 250 years on*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 82, read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Tuesday 7 July at 2.00pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Tuesday 10 February 2026

Duncan Edwards, OBE CEO at British American Business; **Dr Richard Torbett**, CEO at Association of the British Pharmaceutical Industry (ABPI); **Russell Codling**, Director of Markets Business Development at Tata Steel UK; **Dr Scott Steedman**, CBE Director of Standards at British Standards Institution (BSI) Q252-283

Andrew Dowler, Senior Managing Director at Blackstone; **Audrey Yvernault**, Vice President of Government Affairs at GSK; **Paul Weston**, Senior Vice President at Prologis UK Limited; **Loren Jones**, Senior Vice President at Amentum Q284-309

Hugh Milward, Senior Director of Corporate, External and Legal at Microsoft; **Jonathan Legh-Smith**, Executive Director at UKQuantum; **Ben Richardson**, Vice President at CoreWeave Q310-344

Monday 9 March 2026

Chris Bryant MP, Minister for Trade at Department for Business and Trade; **Kate Joseph**, Director General, Economic Security and Trade Relations at Department for Business and Trade; **Amanda Brooks**, CBE Director General, Trade Policy, Implementation and Negotiations at Department for Business and Trade Q345-440

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

UST numbers are generated by the evidence processing system and so may not be complete.

1	ABTA	UST0013
2	ADS Group	UST0031
3	Aleph Farms	UST0029
4	Alternative Proteins Association	UST0020
5	Association for Meat, Poultry and Seafood Innovation (AMPS)	UST0023
6	Bristol Myers Squibb	UST0035
7	British Chambers of Commerce	UST0036
8	BritishAmerican Business	UST0022
9	Butler, Dr Nicolette (Senior Lecturer in Law, University of Manchester); and Tarawneh, Dr Jasem (Reader in Law, Queen Mary University of London)	UST0005
10	Buziuk, Hleb (Independent public policy and governance researcher, FairGo CIC)	UST0003
11	Compassion in World Farming	UST0008
12	Competere Foundation	UST0033
13	Computer and Communications Industry Association (CCIA)	UST0030
14	Danil, Dr.	UST0034
15	Department for Business and Trade	UST0042
16	Eli Lilly and Company	UST0017
17	Gerber, Dr. Suzannah (Research Professor, Tufts University)	UST0019
18	Johnson Matthey PLC	UST0010
19	Just Treatment	UST0027
20	Law Society of Scotland	UST0016
21	Lloyd's Market Association	UST0011
22	Make UK	UST0039

23	McKee, Professor Martin (Professor of European Public Health, London School of Hygiene & Tropical Medicine); Torreele, Dr Els (Founding Director, Êqua a Think Space for Equity and Economic Justice for Health, Geneva, Switzerland); Claxton, Professor Karl (Professor of Economics, Centre for Health Economics, University of York); and Sculpher, Professor Mark (Professor of Health Economics, Centre for Health Economics, University of York)	UST0006
24	National Farmers' Union (NFU)	UST0021
25	Overton Advisory	UST0012
26	Pernod Ricard	UST0032
27	Quality Meat Scotland	UST0009
28	Society of Motor Manufacturers and Traders (SMMT)	UST0041
29	Tees Valley Lithium	UST0014
30	The Association of the British Pharmaceutical Industry (ABPI)	UST0015
31	The Scotch Whisky Association	UST0024
32	The Society of Lloyd's	UST0026
33	Trade Justice Movement	UST0007
34	UK BioIndustry Association (BIA)	UST0004
35	UK Finance	UST0025
36	United States Chamber of Commerce	UST0028
37	WWF-UK	UST0037
38	Wine and Spirit Trade Association	UST0018
39	techUK	UST0040

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

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5th	Post Office Horizon scandal: justice for sub-postmasters: Government Response	HC 129
4th	UK-EU relations a decade on	HC 126
3rd	Competition and market functioning in the UK live music industry	HC 128
2nd	The regulation of postal services	HC 131
1st	Investing in the UK economy	HC 123

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16th	Post Office Horizon scandal: Justice for sub-postmasters	HC 1589
15th	Small business strategy	HC 1057
14th	Toward a new doctrine for economic security: Government Response	HC 1666
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12th	UK-India Comprehensive Economic and Trade Agreement (CETA)	HC 996
11th	Toward a new doctrine for economic security	HC 835

Number	Title	Reference
10th	US Economic Prosperity Deal	HC 1306
9th	Draft Legislative Reform (Disclosure of Adult Social Care Data) Order 2025	HC 1140
8th	Export led growth: Trade with the Asia-Pacific region	HC 1048
7th	Industrial Strategy	HC 727
6th	How to strengthen UK-EU relations: Policy Priorities for the Summit	HC 908
5th	How to strengthen UK-EU relations	HC – 814
4th	Post Office Horizon scandal redress: Unfinished business: Government response	HC 778
3rd	Make Work Pay: Employment Rights Bill	HC 370
2nd	Priorities of the Business and Trade Committee	HC 423
1st	Post Office and Horizon scandal redress: Unfinished business	HC 341
7th Special	UK-India Comprehensive Economic and Trade Agreement (CETA): Government Response	HC 1832
6th Special	US Economic Prosperity Deal: Government Response	HC 1545
5th Special	Export led growth: Trade with the Asia-Pacific Region: Government Response	HC 1324
4th Special	Industrial Strategy: Government Response	HC 1305
3rd Special	How to strengthen UK-EU relations: Policy Priorities for the Summit: Government Response	HC 1267
2nd Special	Post Office Horizon scandal redress: Unfinished business: Government response	HC 969
1st Special	Make Work Pay: Employment Rights Bill: Government response	HC 932